

**JUNE 2020 CORPORATE BOND TRUST**

**CLASS A AND CLASS T UNITS**

**ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED MARCH 31, 2019**

**JUNE 27, 2019**

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## GLOSSARY OF TERMS

In this document:

**“Agent”** means a registered dealer that has distributed Units of the Fund under a public Offering;

**“Annual Information Form”** means this annual information form of the Fund dated June 27, 2019;

**“Automatic Conversion Date”** means the date on which are the convertible Class A Units of the Fund, being the sole category of Convertible Units of the Fund, are converted into traded Class T Units of the Fund;

**“Bloomberg Composite Credit Ratings”** means an equally weighted blend of the ratings of a security by Moody’s, S&P, Fitch, and DBRS as published by Bloomberg;

**“Business Day”** means any day except a Saturday, Sunday or a statutory holiday in Toronto, Ontario or any other day on which the TSX or the Canadian chartered banks are not opened for business in Ontario;

**“Cash Equivalents”** means (a) cash on deposit with the Custodian or a broker; or (b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by (i) any of the federal or a provincial governments of Canada; (ii) the Government of the United States; (iii) a Canadian financial institution (provided that, in the case of (ii) or (iii), such evidence of indebtedness has a rating of at least R 1 (mid) by DBRS or the equivalent rating from another designated rating organization); or (iv) other cash cover as defined in NI 81-102;

**“CDS”** means CDS Clearing and Depository Services Inc.;

**“CFA”** means Chartered Financial Analyst;

**“Class A Units”** means the convertible Class A Units of the Fund;

**“Class A Monthly Redemption Price”** means the amount received by a Unitholder who properly surrenders a Class A Unit for redemption on a Monthly Redemption Date as described under “Redemption of Securities”;

**“Class T Units”** means the traded Class T Units of the Fund;

**“Class T Monthly Redemption Price”** means the amount received by a Unitholder who properly surrenders a Class T Unit for redemption on a Monthly Redemption Date as described under “Redemption of Units”;

**“Closing Date”** means October 31, 2016;

**“Closing Price”** means an amount equal to (a) the closing price of the Class T Units if there was a trade on the applicable Valuation Date and such principal market provides a closing price; (b) the average of the highest and lowest prices of the Units if there was trading on the applicable Valuation Date and such principal market provides only the highest and lowest prices of the Units traded on a particular day; or (c) the average of the last bid and last asking prices of the Class T Units on such principal market if there was no trading on the applicable Valuation Date;

**“Contingent Agents Fee”** means the annual deferred compensation paid by the Manager to the Agents equal to 1.32% of the aggregate NAV per Unit of all Class T Units that are purchased and cancelled by the Fund during the year under the MMPP;

**“Conversion Date”** means the first Business Day of any week on which Class A Units may be converted;

**“Convertible Unit”** means a Unit of a class other than Class T Units including, for greater certainty, a Class A Unit;

**“Convertible Unit Monthly Redemption Price”** has the meaning ascribed thereto under “Redemption of Units”;

**“Counterparty”** means the registered dealer that is the counterparty to the Swap;

**“CRA”** means the Canada Revenue Agency;

**“Custodian”** means National Bank Independent Network, a division of NBF, acting as the custodian of the assets of the Fund, formerly known as NBCN Inc.;

**“Custodian Agreement”** means the custodian agreement dated October 21, 2016 among the Fund, the Manager and the Custodian pursuant to which the Custodian acts as custodian to the Fund;

**“DBRS”** means DBRS Limited;

**“Declaration of Trust”** means the declaration of trust dated as of September 29, 2016 establishing the Fund, as amended on October 28, 2016 and as it may further be amended from time to time;

**“DFA Rules”** means the rules in the Tax Act that target certain financial arrangements that seek to deliver a return based on an “underlying interest”;

**“Distribution Date”** means, in connection with the quarterly cash distributions of the Fund, the day on which the distribution is paid, which is on or before the 10<sup>th</sup> Business Day of the month following a Record Date;

**“Early Exchange Fee”** means the early exchange fee applicable to any redemption of Class A Units and to any conversion of Class A Units into Class T Units prior to the Automatic Conversion Date, and upon termination of the UTF Services Agreement by the Fund and the Manager in certain circumstances;

**“Eligible Debt Securities”** means debt securities of Canadian and U.S. corporate issuers including, without limitation, bonds, notes and debentures, as well as term loans;

**“Extraordinary Resolution”** means a resolution passed by holders of not less than 66 2/3% of the Units voted thereon at a meeting duly convened for the consideration of the matter;

**“Fiera Capital”** means Fiera Capital Corporation;

**“Fitch”** means Fitch Ratings, a division of Fitch Ratings, Inc.;

**“Fund”** means the June 2020 Corporate Bond Trust;

**“High Yield Debt Securities”** means Eligible Debt Securities that are not Investment Grade Debt Securities at the time of investment;

**“Holder”** has the meaning ascribed thereto under “Income Tax Considerations”;

**“IFRS”** means the International Financial Reporting Standards;

**“Independent Review Committee”** means the independent review committee of the Fund established pursuant to NI 81-107;

**“Investment Advisor”** means Fiera Capital acting specifically as the investment advisor to the Fund;

**“Investment Grade”** in respect of a security (or loan) means a security (or loan), and in respect of an issuer means an issuer, which, at the time of investment, is rated BBB- from S&P, or Baa3 or higher from Moody’s, or BBB (low) or higher from DBRS or a similar rating from another “designated rating organization” as defined in NI 81-102 or which is unrated but judged by the Investment Advisor to be of comparable quality;

**“Investment Grade Debt Securities”** means Eligible Debt Securities which, at the time of investment, are rated Investment Grade;

**“Lender”** means one or more Canadian chartered banks or affiliates thereof acting as lender pursuant to a Loan Facility and/or a Prime Brokerage Facility;

**“Loan Facility”** means a loan facility which may be entered into by the Fund with a Lender;

**“Management Agreement”** means the management agreement dated as of September 29, 2016 between the Fund and the Manager pursuant to which the Manager acts as the manager of and portfolio adviser to the Fund;

**“Management Fee”** has the meaning ascribed thereto under “Fees and Expenses - Fees and Expenses Payable by the Fund - Management Fee”;

**“Manager”** means Fiera Capital in its capacity as the manager of the Fund, which includes acting as Investment Advisor;

**“Market Price”** means the weighted average trading price of the Class T Units on the TSX (or such other exchange or market on which the Class T Units are then listed and primarily traded) for the 10 trading days immediately preceding the relevant Monthly Redemption Date;

**“MMPP”** means the Fund’s mandatory market purchase program as further described under “Description of Securities of the Fund - Mandatory Market Purchase Program”;

**“modified duration”** is a measure of a bond value’s sensitivity to changes in prevailing interest rates. As interest rates increase, the value of a bond tends to decrease, and vice versa. Bonds with shorter modified durations are less sensitive to changes in value due to interest rate changes than bonds with longer modified durations;

**“Monthly Redemption Date”** means, in connection with monthly redemptions, the second last Business Day of each month;

**“Moody’s”** means Moody’s Investor Services, Inc.;

“NAV” means the net asset value of the Fund calculated in the manner described under “Calculation of Net Asset Value”;

“NBF” means National Bank Financial Inc.;

“NI 81-102” means National Instrument 81-102 *Investment Funds*;

“NI 81-106” means National Instrument 81-106 *Investment Fund Continuous Disclosure*;

“NI 81-107” means National Instrument 81-107 *Independent Review Committee for Investment Funds*;

“Offering” means an offering or issuance of Units or any other securities of the Fund or any rights to acquire Units or any other securities of the Fund, or both together, on a public or private basis;

“Ordinary Resolution” means a resolution passed by holders of more than 50% of the Units voted thereon;

“Permitted Merger” has the meaning ascribed thereto under “Securityholders Matters - Permitted Mergers”;

“Portfolio” means the portfolio of securities and other investments that the Fund invests in pursuant to its investment objectives and investment restrictions;

“Portfolio Securities” means securities and investments held in the Portfolio from time to time;

“Prime Brokerage Facility” means the prime brokerage facility entered into between the Fund and a Lender (currently NBF);

“Principal Distributions” means the quarterly cash distributions paid by the Fund to Unitholders that are expected to equal the principal amounts received by the Fund during the quarter to which the distribution relates for Portfolio Securities that matured during such quarter, net of repayment of borrowings used as leverage for the purchase of (or the acquisition of exposure to) such matured Portfolio Securities. A Principal Distribution may be effected by retracting Units having an aggregate NAV per Unit equal to the amount of the Principal Distribution;

“Record Date” means, in connection with the quarterly cash distributions of the Fund, the last day of each of March, June, September and December or such other date as the Manager may set from time to time;

“Redemption Notice” means a written notice delivered by a CDS participant to CDS on behalf of an owner of Units who desires to exercise redemption privileges;

“Redemption Payment Date” means the Business Day that is on or before the 15<sup>th</sup> Business Day following the Monthly Redemption Date;

“Registered Plans” means trusts governed by RRSPs, RRIFs, TFSAs, deferred profit sharing plans, registered disability savings plans or registered education savings plans, each as defined in the Tax Act;

“RRIF” means a registered retirement income fund;

“RRSP” means a registered retirement savings plan;

**“Scheduled Termination Date”** means the scheduled termination date of the Fund, being on June 30, 2020, subject to possible extension as described under “Termination of the Fund”;

**“SIFT Rules”** means the rules found in sections 122 and 122.1 of the Tax Act relating to the taxation of SIFT trusts;

**“S&P”** means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc.;

**“Swap”** has the meaning given to it under “Investment Objectives, Strategies and Restrictions - Use of Derivative Instruments”;

**“Target Distribution Amount”** means the target quarterly distribution amount determined and announced at least annually by the Manager and being \$0.0875 per Class T Unit and \$0.075 per Class A Unit for the four quarters of the financial year ended March 31, 2019;

**“Tax Act”** means the *Income Tax Act* (Canada);

**“Tax Proposals”** means all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof;

**“Tax Treaties”** means the tax conventions between Canada and foreign countries with respect to taxes on income and on capital;

**“TFSA”** means a tax-free savings account, as defined in the Tax Act;

**“Total Assets”** means the aggregate value of the assets of the Fund including the principal amount of any borrowings made on behalf of the Fund by the Manager;

**“Trustee”** means Computershare Trust Company of Canada, or any successor thereof;

**“TSX”** means the Toronto Stock Exchange;

**“Unitholder”** means a holder of Units of the Fund;

**“Units”** means the units of any class of the Fund, being, for the financial year ended March 31, 2019, the Class A Units and the Class T Units;

**“UTF Services Agreement”** means the UTF services agreement dated September 29, 2016 among the Fund, the Manager and the UTF Service Provider pursuant to which the UTF Service Provider acts as the UTF service provider to the Fund;

**“UTF Services Fee”** means, for the financial year ended March 31, 2019, the fee of 0.25% per annum of the NAV attributable to the Class T Units, calculated daily and payable quarterly, and 0.85% per annum of the NAV attributable to the Class A Units, calculated daily and payable quarterly, plus applicable taxes, payable by the Fund to the UTF Service Provider as described under “Fees and Expenses – Fees and Expenses Payable by the Fund – Fee to the UTF Services Provider”;

**“UTF Service Provider”** means NBF in its capacity as the UTF service provider to the Fund;

**“Valuation Agent”** means CIBC Mellon Global Securities Services Company;

**“Valuation Date”** means each Business Day and any other day on which the Manager elects, in its discretion, to calculate the NAV per Unit;

**“Valuation Time”** means 4:00 p.m. (Toronto time), or such other time as the Manager deems appropriate, on a Valuation Date; and

**“\$”** means Canadian dollars unless otherwise indicated.

## **FORWARD-LOOKING STATEMENTS**

This Annual Information Form contains forward-looking statements.

Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “proposes”, “expects”, “estimates”, “intends”, “anticipates” or “believes”, or variations (including negative and grammatical variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

In addition, any statement that may be made concerning future performance, strategies or prospects and possible future action by the Fund, the Trustee or the Manager (as those terms are hereinafter defined) is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political, tax and relevant market and business factors and conditions, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, current assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance and actual results or events could differ materially from those expressed or implied in any forward-looking statements made by the Fund or the Manager. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors, such as interest and foreign exchange rates, volatility in global equity and capital markets, statutory and regulatory developments, unexpected judicial or regulatory proceedings and catastrophic events. The above mentioned list of important factors is not exhaustive. Some of these risks, uncertainties and the other factors are described in this Annual Information Form under the heading “Risk Factors”.

Readers should consider these and other factors carefully before making any investment decisions. Forward-looking statements should not be unduly relied upon. While the Manager anticipates that subsequent events and developments may cause its views to change, each of the Fund, the Trustee and the Manager specifically disclaims any obligation to update these forward-looking statements, except as required by applicable law. These forward-looking statements should not be relied upon as representing the views of any person as of any date subsequent to the date of this Annual Information Form.

## NAME AND FORMATION OF THE FUND

The June 2020 Corporate Bond Trust (the “**Fund**”) is an investment fund established on September 29, 2016 as a trust under the laws of the Province of Ontario pursuant to the terms of the Declaration of Trust. Fiera Capital Corporation (“**Fiera Capital**”) is the manager (in such capacity, the “**Manager**”) of the Fund which includes acting as the investment advisor (in such capacity, the “**Investment Advisor**”) to the Fund.

Computershare Trust Company of Canada acts as the trustee pursuant to the Declaration of Trust.

The Trustee and the Manager (or any replacement thereof) are and will, at all times, be a resident of Canada for the purposes of the Tax Act and manage the affairs of the Fund from a place or places within Canada.

The principal office of the Fund is located at 1 Adelaide Street East, Suite 600, Toronto, Ontario M5C 2V9. The principal office of the Trustee is located at 100 University Ave., 11th Floor - North Tower, Toronto, Ontario M5J 2Y1. The head office of Fiera is located at 1981, McGill College Avenue, Suite 1500, Montréal, Québec H3A 0H5.

The Fund is a non-redeemable investment fund and is a reporting issuer under the securities legislation of all the provinces and territories of Canada. As a non-redeemable investment fund, the Fund must comply with the requirements of NI 81-102 applicable to non-redeemable investment funds, subject to any exemptions therefrom applicable to the Fund. For greater certainty, to the extent there is a conflict between the information in this Annual Information Form and NI 81-102, the requirements of NI 81-102 shall govern the Fund, subject to any exemptions therefrom applicable to the Fund. The Fund is subject to certain other requirements and restrictions contained in applicable securities laws, including NI 81-106.

The Fund’s Class T Units are listed on the Toronto Stock Exchange (“**TSX**”) under the ticker symbol CBT.UN

## UNIT TRADED FUND STRUCTURE

The Fund uses the *Unit Traded Fund* (UTF) structure which has been developed to accomplish two goals, namely (a) to enable the Fund to invest virtually all of the gross proceeds from each public offering of Units in the Portfolio, and (b) to encourage the Fund’s Class T Units to trade in the market at a price not less than 98.50% of their NAV per Unit throughout the life of the Fund.

Using the *Unit Traded Fund* structure, the Fund is not responsible for paying any of the compensation to Agents relating to a public Offering and does not bear expenses relating to a public Offering of more than 0.50% of the gross proceeds from the public Offering. As a result, immediately after the closing of a public Offering, the NAV per Unit of Units issued during that Offering is expected to be at least 99.50% of their issue price. All other public Offering expenses (including the compensation to Agents) are borne by the UTF Service Provider. This approach enables the Fund to invest at least 99.50% of the gross proceeds of each public Offering in the Portfolio.

The *Unit Traded Fund* structure also includes a mandatory market purchase program (the “**MMPP**”) under which the Fund purchases and cancels Class T Units which are trading in the market at 98.50% or less of their NAV per Unit (up to a maximum of 10% of the Fund’s outstanding Class T Units over any 10 trading day period, subject to a limit of 2% of the number of Class T Units outstanding each trading day and subject to the terms set out in the Declaration of Trust).

Convertible Units are intended to be purchased by investors who compensate their dealers by paying commissions when they trade in securities, rather than through payment of annual fees, and who

intend to hold their Convertible Units until their Automatic Conversion Date. Holders of Convertible Units may, at their option, convert some or all of their Convertible Units into Class T Units on a weekly basis before their Automatic Conversion Date, as well as redeem some or all of their Convertible Units under the monthly redemption right. In either case, the investor will pay to the UTF Service Provider an Early Exchange Fee.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

## HISTORY OF THE FUND

On October 31, 2016, the Fund completed an initial public offering pursuant to a prospectus dated September 30, 2016. The Fund offered two classes of units: convertible Class A Units and traded Class T Units. In aggregate on October 31, 2016, through the issue of 1,817,610 Class A Units and 2,182,390 Class T Units (together, the “**Units**”) at a price of \$10.00 per Unit gross proceeds of \$40,000,000 were raised.

On November 29, 2016, the Fund issued an additional 113,450 Class T Units at a price of \$10.00 per Unit pursuant to an exercise of the over-allotment option by the syndicate of agents.

On October 16, 2017, the Fund filed a notice of change in its financial year-end pursuant to which it announced that the new financial year-end of the Fund is March 31.

The Fund made quarterly distributions during its fiscal year ended March 31, 2018 of \$0.0875 per Class T Unit and \$0.075 per Class A Unit. The Fund paid an aggregate of \$0.35 per Class T Unit and \$0.30 per Class A Unit in quarterly distributions in its fiscal year ended March 31, 2018.

During the fiscal year ended March 31, 2019, redemption proceeds of \$326,875.78 were paid by the Fund for the redemption of 36,500 Units.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

## INVESTMENT OBJECTIVES, STRATEGIES AND RESTRICTIONS

### Investment Objectives

The Fund’s investment objectives are to:

- (i) return to holders of Units (“**Unitholders**”) , including through Principal Distributions (as defined herein), the original issue price of \$10.00 per Unit on or before June 30, 2020 (the “**Scheduled Termination Date**”); and
- (ii) generate over the term of the Fund an average annual total return after fees and expenses of 3.00% for investors in the initial public offering who purchased Class A Units and 3.50% for investors in the initial public offering who purchased Class T Units.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

To achieve its investment objectives, the Fund acquires, or obtains exposure to, a portfolio (the “**Portfolio**”) comprised primarily of debt securities of Canadian and U.S. corporate issuers (“**Eligible Debt Securities**”), and generally will hold such Eligible Debt Securities until their maturities.

The total return, after fees and expenses, for each class of Unitholders, means the amount by which the total of all amounts paid by the Fund to Unitholders of that class (including all Principal Distributions, other distributions and any amount paid on the Scheduled Termination Date) exceeds \$10.00. The average annual total return for Unitholders of that class is such difference divided by the weighted average capital invested in the Fund by Unitholders of that class over the term of the Fund (namely, \$10.00 per Unit less Principal Distributions as they occur) and further divided by the number of years for the term of the Fund.

## **Investment Strategies**

### **Portfolio**

As of May 31, 2019, the Eligible Debt Securities in Portfolio have a weighted average term to maturity of 1.8 years and a weighted average duration of 1.7 years. The median credit rating of the Eligible Debt Securities in the Portfolio is not expected to be less than BBB- based on the Bloomberg Composite Credit Ratings. The Bloomberg Composite Credit Ratings is an equally weighted blend of the ratings of a security by Moody’s, S&P, Fitch, and DBRS as published by Bloomberg where the ratings of the rating agencies for the same security are evenly weighted and calculated by taking the average of the existing ratings, rounded down to the lower rating in case the composite is between two ratings.

At least 70% of the Portfolio is invested in Eligible Debt Securities rated Investment Grade (“**Investment Grade Debt Securities**”). The majority of the Investment Grade Debt Securities included in the Portfolio are expected to be issued by Canadian companies in Canadian dollars.

Up to 30% of the Portfolio may be invested in Eligible Debt Securities that are not Investment Grade Debt Securities (“**High Yield Debt Securities**”) and/or in Cash or Cash Equivalents. It is expected that the majority of the High Yield Debt Securities included in the Portfolio will be issued by U.S. companies in U.S. dollars.

None of the Eligible Debt Securities in the Portfolio has matured before March 31, 2019 or will mature after January 31, 2021.

Eligible Debt Securities generally are held by the Fund until their maturities whereupon the principal amounts received by the Fund, net of repayment of borrowings used as leverage for the purchase of (or the acquisition of exposure to) such matured Portfolio Securities, generally are distributed to Unitholders in the form of returns of capital or a retraction of Units. See “Distribution Policy – Quarterly Principal Distributions”.

### **Investment Process**

The Investment Advisor employs a combination of qualitative, top-down macroeconomic analysis and quantitative bottom-up credit analysis in selecting the Portfolio Securities. This assists in assessing the credit quality, liquidity, and overall duration of the Portfolio.

The Investment Advisor uses a multi-step investment process in making investment decisions with respect to the initial composition of the Portfolio which involves the following items which are described in more details below: (i) the analysis of global and local economies, (ii) the thorough assessment of North American and global credit markets, (iii) regular company meetings with senior management, and (iv) management of risk.

### ***Analysis of global and local economies***

Through a review of global rate trends and central bank monetary policies, a fundamental analysis is prepared by the Investment Advisor on how the corporate bond market is expected to react to trends and changes in such policies, specifically changes in respect of yield compensation, credit sentiment and credit quality. Employment growth, total full employment, wage inflation, retail sales, industrial production, housing starts and existing home sales are all important economic factors that are considered in the fundamental analysis regarding credit and interest rate sentiments and global economic growth expectations. The Investment Advisor considers Citigroup Economic Surprise indices to evaluate how economic data, especially in Europe and in the United States, may impact credit and interest rate sentiments and growth expectations.

### ***Thorough assessment of North American and global credit markets***

A robust analysis of global credit focused primarily on historical defaults, default rates, and credit sentiment is prepared by the Investment Advisor and includes all major indices. This analysis gives the Investment Advisor a view on the credit tone of the market. Canadian and U.S. market flows regarding preferred shares, high yield bonds and investment grade bonds are also monitored and considered in the credit fundamental analysis.

### ***Risk Management***

The Investment Advisor also selects the Portfolio Securities with a focus on risk management. This process includes the following principal elements:

- i. A diversified Portfolio with a focus on capital preservation with credit analysis across all issuers in the Portfolio;
- ii. Analysis of call risks based on internal assumptions of capital requirements for all issuers in the Portfolio. A target callable date is maintained through the risk management process for all issuers including monitoring of yield-to-worst and duration metrics for all issuers based on the callable date assumptions;
- iii. Aligning return opportunities with risk exposures by sectors and by issuers; and
- iv. Daily performance tracking and reporting with attribution analysis by sector and by issuer.

In selecting Portfolio Securities, Fiera Capital also evaluates the fundamental characteristics of an issuer including, but not limited to, the issuer's creditworthiness while also taking into account prevailing market factors. In analyzing credit quality, the Investment Advisor considers not only fundamental analysis, but also an issuer's corporate and capital structure.

### ***Buy and Hold Approach with Credit Oversight***

The Fund generally holds Portfolio Securities until their maturities. The Investment Advisor monitors the credit quality of the Eligible Debt Securities in the Portfolio and where the Investment

Advisor believes that the credit quality of a Portfolio Security has changed materially (including if the Investment Advisor believes that the likelihood of default has materially increased from when the Portfolio Security was initially included in the Portfolio), the Investment Advisor may dispose of that Portfolio Security and, if deemed appropriate in the circumstances, replace that Portfolio Security with another.

## **Sector in which the Fund Invests**

### ***Corporate Debt Markets***

Corporate debt is issued by companies to finance growth and operations or refinance existing debt maturities. This debt generally pays interest quarterly or semi-annually and repays principal on the maturity date. Corporate debt is typically issued for terms of two to 30 years and generally ranks higher in the capital structure than equity and therefore ranks higher in priority for payment. Bonds are traded “over the counter”, which makes liquidity and transparency a concern for individual investors. In addition to this, new issue bonds are usually sold almost entirely to professional investors, pension/endowment funds and mutual funds making it difficult for individuals to directly participate in the primary bond market.

### ***Investment Grade Debt Securities***

Investment grade debt securities and issuers generally are those with credit ratings at or above BBB- from S&P, Baa3 Moody’s or BBB (low) from DBRS. The Canadian investment grade corporate bond market is approximately \$317 billion in size (source: Bloomberg Canadian Investment Grade Corporate Bond Index).

### ***High Yield Debt Securities***

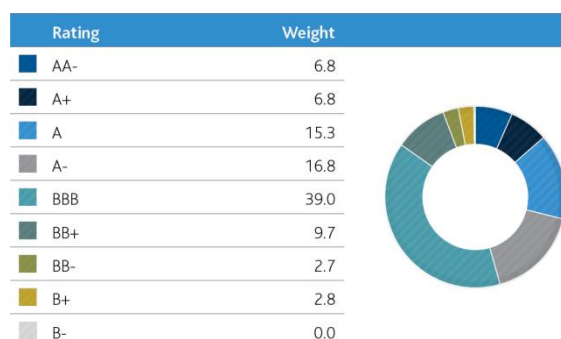
High yield debt securities and issuers generally are those with credit ratings at or below BB+ from S&P, Ba1, from Moody’s or BB (high) from DBRS.

The global high yield bond market is approximately \$1,536 billion in size (source: Bloomberg Canadian Investment Grade Corporate Bond Index).

## ***Portfolio***

The following charts present the credit rating profile and the sector profile of the Portfolio as of May 31, 2019. The credit ratings in the chart below reflect the Bloomberg Composite Credit Ratings. The yield to maturity of the Portfolio as at May 31, 2019 is 3.33%, which represents the yield from (i) the interest generated by the Portfolio Securities until their stated maturities and (ii) the difference between the market price of such securities and the face value thereof, as sourced from Bloomberg.

### **CREDIT RATING PROFILE (%)**



## SECTOR PROFILE (%)



## Top 10 Holdings of the Fund as of May 31, 2019

|     | Issuer                                         | Current Weight | Maturity/Next Call Date | Highest Rating |
|-----|------------------------------------------------|----------------|-------------------------|----------------|
| 1.  | Toronto-Dominion Bank                          | 9.10%          | 09/30/2020              | A              |
| 2.  | Bank of Nova Scotia                            | 8.63%          | 12/08/2020              | A-             |
| 3.  | Bank of Montreal                               | 8.19%          | 12/08/2020              | A-             |
| 4.  | CIBC                                           | 6.81%          | 01/26/2021              | A+             |
| 5.  | Royal Bank of Canada                           | 6.81%          | 01/20/2021              | AA-            |
| 6.  | Capital Power Corp                             | 6.50%          | 11/16/2020              | BBB            |
| 7.  | Genworth MI Canada Inc Principal Strip         | 6.18%          | 06/15/2020              | A              |
| 8.  | Cominar Real Estate Investment Trust           | 5.71%          | 12/04/2019              | BB+            |
| 9.  | Allied Properties Real Estate Investment Trust | 5.64%          | 05/13/2020              | BBB            |
| 10. | Crombie Real Estate Investment Trust           | 5.61%          | 02/10/2020              | BBB            |

The foregoing list of issuers is provided for informational purposes only. Although the Portfolio may from time to time include the securities of any of the issuers referred to in the above table, it is possible that the Portfolio may not include the securities of any of the foregoing issuers at any time. The actual securities included in the Portfolio will be determined by the Investment Advisor based on its assessment of market and other conditions.

## Leverage

The Manager, on behalf of the Fund, has entered into a loan facility (the “**Loan Facility**”) and/or a prime brokerage facility (the “**Prime Brokerage Facility**”) with one or more Canadian chartered banks or affiliates thereof (the “**Lender**”). It is expected that initially, the Lender will be a Canadian chartered bank that is at arm’s length to the Trustee but which is affiliated with one of the Agents and the UTF Service Provider. See “Conflicts of Interest - Interest of Manager and Others in Material Transactions”.

As of March 31, 2019, the leverage in the Fund amounted to:

|                | Bank indebtedness<br>\$ | Bank indebtedness as a %<br>of total assets<br>% | Interest expense<br>\$ |
|----------------|-------------------------|--------------------------------------------------|------------------------|
| March 31, 2019 | 9,509,441               | 21.7                                             | 241,947                |

The Fund is entitled to utilize leverage, whether through borrowings (such as the Loan Facility and the Prime Brokerage Facility), through the use of derivatives or a combination of both, in an amount not exceeding 25% of the Total Assets at the time leverage is initially employed for the purposes of purchasing or obtaining exposure to additional Portfolio Securities. The amount of leverage employed could increase beyond the 25% limit due to changes in the value of the Fund's investments or Total Assets rather than the amount borrowed by the Fund. In these circumstances, the Fund is not required to sell Portfolio Securities in order to reduce the amount of leverage employed, and there is no theoretical limit on the amount of such increased leverage. As Portfolio Securities mature, the Fund will use the principal amounts received on such maturities to repay the amounts borrowed under the Loan Facility or Prime Brokerage Facility to purchase such Portfolio Securities.

The Loan Facility or Prime Brokerage Facility, as applicable, will also permit the Fund to borrow an amount not exceeding 5% of the Total Assets at the time leverage is initially employed for various purposes, including effecting market purchases of Class T Units, maintaining liquidity and funding redemptions. The interest rates, fees and expenses under the Loan Facility or Prime Brokerage Facility, as applicable, will be typical of credit facilities of this nature and the Fund expects that the Lender will require the Fund to provide a security interest in favour of the Lender over the assets of the Fund to secure such borrowings.

The Manager is responsible for all leverage decisions and will monitor the Fund's use of leverage and, based on factors such as changes in interest rates, the Manager's economic outlook and the composition of the Portfolio, the Fund may from time to time decide to use leverage and alter the amount of leverage it employs. The maximum amount of leverage that the Fund could employ at the time leverage is initially employed through a loan facility, prime brokerage facility or derivatives to purchase or obtain exposure to additional Portfolio Securities is 1.33:1 (maximum Total Assets divided by the NAV). The Fund initially intends to borrow an amount equal to approximately 25% of the Total Assets for the purpose of purchasing or obtaining exposure to additional Portfolio Securities.

The Loan Facility or Prime Brokerage Facility, as applicable, will contain provisions to the effect that in the event of a default under the Loan Facility or Prime Brokerage Facility, as applicable, the Lender's recourse will be limited solely to the assets of the Fund. Such provisions are intended to ensure that Unitholders will not be liable for the obligations of the Fund under the Loan Facility or Prime Brokerage Facility, as applicable. Other than borrowing by the Fund under the Loan Facility or Prime Brokerage Facility, as applicable, the Fund does not contemplate engaging in other borrowings.

A prime brokerage facility differs from a committed loan facility. Among other things, differences include: (i) under a committed loan facility the lender commits to making the loan available so long as the borrower adheres to certain covenants, in exchange for a commitment fee and a standby fee, in addition to interest on the loan, whereas under a prime brokerage facility, the ongoing availability of credit and the terms of such credit, including interest cost and margin requirements, are subject to change at the lender's sole discretion at any time; and (ii) the interest rate charged for a prime brokerage facility is typically less than a committed loan facility due to the lack of a term commitment from the lender. See "Risk Factors – Risks Related to the Structure of the Fund – Availability of Leverage".

### ***Currency Hedging***

The Portfolio includes securities denominated in U.S. dollars and, therefore, the Fund is exposed to changes in the value of the U.S. dollar against the Canadian dollar. Between 0% and 100% of the Fund's exposure to the U.S. dollar will be hedged back to the Canadian dollar. The Fund initially intends to hedge substantially all of the value of the Portfolio denominated in U.S. dollars back to the Canadian dollar by using derivatives, including currency forward contracts.

### ***Use of Derivative Instruments***

Subject to the Fund's investment restrictions, the Fund may invest in or use derivative instruments for the purposes of hedging its exposure to currency exchange rate fluctuations and for other purposes such as a substitute for purchasing or selling securities consistent with its investment objectives. The Fund intends to use derivatives for non-hedging purposes mainly to obtain exposure to individual Eligible Debt Securities that are trading at a premium to their par value in order to better match the yield-to-maturity of the Eligible Debt Security to the income (current yield) per annum received from the Eligible Debt Security. A maximum of 50% of the NAV may be invested in or used for derivative instruments for purposes other than hedging.

The Fund may enter into a total return swap or similar transaction (the “**Swap**”) in respect of its Class T Units with a registered dealer (the “**Counterparty**”) that performs market making functions for the Fund. One of the goals of the market making function would be to encourage the Class T Units to trade over the TSX at prices closer to their NAV per Unit. By entering into the Swap, (i) the Counterparty would be able to hedge some or all of its exposure resulting from the market making function and (ii) the Fund would obtain synthetic exposure to its returns resulting from changes in the value of the Class T Units. Pursuant to the Swap, (i) the Counterparty would agree to make payments to the Fund based on increases in the value of the Class T Units acquired by the Counterparty through its market making function (plus amounts equal to all cash distributions actually received on such Class T Units), and (ii) the Fund would agree to make payments to the Counterparty based on decreases in the value of the Class T Units acquired by the Counterparty through its market making function (plus amounts equal to all cash distributions actually received on such Class T Units). The Swap may provide exposure of up to 10% of the outstanding Class T Units of the Fund.

### ***Repurchase and Reverse Repurchase Transactions***

The Fund may enter into purchase and reverse repurchase transactions in order to generate additional returns. A repurchase transaction involves the Fund selling a security and agreeing to buy it back from the same party at a future time. A reverse repurchase transaction involves the opposite, i.e. the Fund buying a security and agreeing to sell it back to the same party at a future time. The terms of repurchase and reverse repurchase transactions will comply with the conditions for such transactions set out in sections 2.13 and 2.14 of NI 81-102.

### ***Investment Restrictions***

The Fund cannot engage in any undertaking other than the investment of its assets in accordance with its Investment Objectives and investment strategies and subject to the investment restrictions applicable to it set out in NI 81-102. The Fund also is subject to the following additional investment restrictions (the “**Investment Restrictions**”)

- (a) the Fund shall only invest in Eligible Debt Securities, Cash and Cash Equivalents, derivatives and transactions in accordance with the restrictions set forth below;
- (b) at least 70% of the Total Assets shall be invested (directly or indirectly as permitted herein) in Investment Grade Debt Securities;
- (c) up to 30% of the Total Assets may be invested (directly or indirectly as permitted herein) in High Yield Debt Securities and/or in Cash and Cash Equivalents;
- (d) not more than 10% of the Total Assets may be invested in the securities of any one issuer (other than in respect of Cash and Cash Equivalents);

- (e) the Fund will not purchase equity securities, convertible debentures, preferred securities or other instruments convertible into, or exchangeable or exercisable for, equity securities;
- (f) the Fund will not borrow or enter into any leverage transaction to purchase additional securities if, at the time of such transaction, the aggregate amount of leverage employed by the Fund would exceed 25% of the Total Assets. The maximum amount of leverage that the Fund may employ through a loan facility, prime brokerage facility or derivatives used to purchase additional securities at the time such leverage is initially employed is 1.33:1 (maximum Total Assets divided by the NAV);
- (g) the Fund will not invest in or use derivatives, except for (A) currency hedging purposes and (B) to a maximum of 50% of NAV for purposes other than currency hedging;
- (h) the Fund will not sell securities short;
- (i) not more than 10% of the Total Assets may be initially invested in “illiquid assets” within the meaning of NI 81-102 (provided, for greater certainty, that this restriction shall not limit the use of derivatives by the Fund as permitted herein);
- (j) all purchase and reverse repurchase transactions effected by the Fund will be in compliance with NI 81-102;
- (k) the Fund will not invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Fund (or the partnership) would be required to include any significant amounts in income pursuant to section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or (iii) any interest in a non-resident trust other than an “exempt foreign trust” for the purposes of section 94 of the Tax Act (or a partnership which holds such an interest) (or amendments to such provisions as enacted into law or successor provisions thereto);
- (l) the Fund will manage its investments and affairs to ensure that it will be a “mutual fund trust” for purposes of the Tax Act and will not acquire any property that would be “taxable Canadian property” of the Fund as such term is defined in the Tax Act (if the definition were read without reference to paragraph (b) thereof) (or any amendment to such definition);
- (m) the Fund will not make or hold any investments that would result in the Fund itself being subject to the tax for “SIFT trusts” as provided for in section 122 of the Tax Act;
- (n) the Fund will not purchase or hold: (i) any securities of an entity that would be a “foreign affiliate” of the Fund for purposes of the Tax Act; or (ii) any security that would be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act;
- (o) the Fund will not engage in securities lending that does not constitute a “securities lending arrangement” for purposes of the Tax Act; and
- (p) the Fund will not enter into any arrangement where the result is a dividend rental arrangement for purposes of the Tax Act.

If a percentage restriction on investment or use of assets set forth above is adhered to at the time of the transaction, later changes to the market value of the investment or the Total Assets will not be considered a violation of the restriction (except for the restrictions in paragraphs (k) and (m) which shall be complied with at all times). Investment Restrictions that do not provide for a percentage restriction must be adhered to at all times. If the Fund receives from an issuer subscription rights to purchase securities of that issuer, and if the Fund exercises those subscription rights at a time when the Fund's holdings of securities of that issuer would otherwise exceed the limits set forth above, the exercise of those rights will not be considered a violation of the investment restrictions if, prior to the receipt of securities of that issuer on exercise of these rights, the Fund has sold at least as many securities of the same class and value as would result in the restriction being complied with. Moreover, if the Fund holds Eligible Debt Securities that are converted into or exchanged for securities that are not Eligible Debt Securities (including securities of the type described in paragraph (e) above) as a result of an event affecting the issuer of those Eligible Debt Securities (including a forced conversion), the Fund will not be considered in violation of the investment restrictions above and will be entitled to hold, exercise, lend, sell or otherwise dispose of such securities as it deems advisable. Moreover, the Manager will have discretion to reinvest proceeds from such disposition into additional Eligible Debt Securities and/or other permitted investments and, in such case, such proceeds will not be distributed to Unitholders as part of any Principal Distribution.

For purposes of the restrictions in paragraphs (b) and (c) above, a security is considered to have the highest rating assigned to it by a designated rating organization. For greater certainty, the restrictions in paragraphs (b) and (c) above apply only at the time the initial Portfolio is acquired by the Fund. For the purposes of the restriction in paragraph (i) above, Eligible Debt Securities will not be considered "illiquid assets" within the meaning of NI 81-102 to the extent that they can be traded over-the-counter.

### **Changes to Investment Objectives, Strategies or Restrictions**

Unitholder approval is required to change the Investment Objectives or Investment Restrictions of the Fund. See "Unitholder Matters – Matters Requiring Unitholder Approval". The Manager may change the investment strategies of the Fund at any time without notice to, or approval by, Unitholders.

## **DESCRIPTION OF SECURITIES OF THE FUND**

### **Units**

The beneficial interest in the net assets and net income of the Fund is divided into units of such classes and series as may be designated by the Manager from time to time, and the Fund is authorized to issue an unlimited number of transferable, redeemable units which evidence the proportionate ownership interest of a Unitholder in the capital of the Fund.

The NAV per Unit of each class may not be the same as a result of the different fees allocable to each class of Units.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

The Units are freely transferable, except as restricted by the Trustee in order to comply with any applicable laws, regulations or other requirements imposed by regulatory authorities or to obtain,

maintain or renew any licences, rights, status or powers pursuant to any applicable laws, regulations or other requirements imposed by any stock exchange or other applicable regulatory authorities.

Each Unit of a class entitles the holder to the same rights and obligations as a Unitholder of that class and no Unitholder of a class is entitled to any privilege, priority or preference in relation to any other Unitholder of that class. Each Unitholder of a class is entitled to one vote at all meetings of Unitholders and at all meetings of Unitholders of that class. Each Unitholder of a class is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net realized capital gains, if any. On the redemption of the Units, however, the Fund may in its sole discretion, allocate and designate as payable to a redeeming Unitholder any capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption. On termination or liquidation of the Fund, Unitholders of record of a class are entitled to receive on a pro rata basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. Unitholders will have no voting rights in respect of securities held by the Fund. The rights attaching to the Units may be modified as described under “Unitholder Matters - Amendments to the Declaration of Trust”.

Different fees are charged to the Fund in respect of its assets attributable to its Convertible Units and its assets attributable to its Class T Units. As a result, the tax characterization of distributions may vary between the classes of Units such that a different percentage of the distributions to the Unitholders of each such class may be characterized as return of capital rather than income (including net realized taxable capital gains).

Fractions of Units may be issued that will have the same rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit, except that fractional Units will not have the right to vote.

The Fund may subdivide or consolidate the Units from time to time in such manner as the Manager determines appropriate, provided that any such subdivision or consolidation shall not change the rights attaching to the Units.

The Fund may, from time to time, on any Valuation Date retract any number of its outstanding Units for an amount equal to their NAV per Unit on the relevant Valuation Date. The Fund only intends to retract Units (i) to effect Principal Distributions, and (ii) to adjust the Fund’s exposure under the Swap. The amount of Units to be retracted on a Valuation Date in order to effect a Principal Distribution will be announced by the Fund in a press release prior to the relevant Valuation Date. A Unitholder has no right to require that the Fund exercise the retraction feature described above.

Pursuant to the *Trust Beneficiaries’ Liability Act, 2004* (Ontario), holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of Ontario. The Fund is a reporting issuer under the *Securities Act* (Ontario) and the Fund is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

The Declaration of Trust provides that the Fund will only issue additional Units of any class following the initial offering of any such class: (i) at a price that is not less than the most recent NAV per Unit of that class, or series of a class, calculated prior to the pricing of the offering and (ii) as far as reasonably practicable (within the meaning of NI 81-102), at a price that does not causes dilution of the NAV per Unit of other outstanding Units at the time the additional Units are issued.

Subject to applicable laws, the Fund may allot and issue additional Units and additional classes and series of units and other securities of the Fund at such time or times, and in such manner, as the Trustee in its sole discretion shall determine.

Units are issued only through the book-entry only system administered by CDS as described below under “Book-Entry Only System”.

### **Conversion of Units**

Holders of Convertible Units may convert such Units into Class T Units on a weekly basis in accordance with the Declaration of Trust and it is expected that liquidity for the Convertible Units will be primarily obtained by means of conversion into Class T Units and the sale of those Class T Units. Convertible Units may be converted into Class T Units on any Conversion Date by delivering a notice and surrendering such Units to be converted by 3:00 p.m. (Toronto time) at least five Business Days prior to the relevant Conversion Date.

Convertible Units will be automatically converted into Class T Units on their Automatic Conversion Date with no Early Exchange Fee. Convertible Units also will be automatically converted into Class T Units following the early termination of the UTF Services Agreement.

Any conversion of Convertible Units into Class T Units prior to their Automatic Conversion Date will be subject to an Early Exchange Fee per Unit being converted as described under “Fees and Expenses – Fees and Expenses Payable by Unitholders”. The Fund will redeem such number of Convertible Units from those otherwise being converted as is necessary to pay the Early Exchange Fee and will deduct the Early Exchange Fee from the redemption proceeds. The Early Exchange Fee so deducted by the Fund will be remitted by the Fund, on behalf of the Unitholder, to the UTF Service Provider.

For each Convertible Unit converted into Class T Units, a holder will receive the number of Class T Units that is equal to (i) the NAV per Unit of the Convertible Unit being converted as of the close of trading on the relevant Conversion Date or Automatic Conversion Date, divided by (ii) the NAV per Unit of the Class T Units as of the close of trading on such Conversion Date or Automatic Conversion Date. No Early Exchange Fee will apply when Convertible Units are automatically converted into Class T Units on the Automatic Conversion Note. No fractional Class T Unit will be issued to the holder and, instead, the aggregate number of Class T Units issuable to the holder will be rounded down to the nearest whole number.

Based in part on the current published administrative policies and assessing practices of the CRA, a conversion of Convertible Units into Class T Units will not constitute a disposition of the Convertible Units for the purposes of the Tax Act except to the extent that Convertible Units are redeemed to pay an Early Exchange Fee.

Except as described under “Take-over Bids”, Class T Units cannot be converted into Convertible Units.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

## **Take-over Bids**

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Class T Units and not less than 90% of the aggregate of the Class T Units (but not including any Class T Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Class T Units held by the Unitholders who did not accept the take-over bid on the terms offered by the offeror.

The Declaration of Trust also provides that if, prior to the termination of the Fund, a formal bid (as defined in the *Securities Act* (Ontario)) is made for all of the Convertible Units of a class and such bid would constitute a formal bid for all Class T Units if the Convertible Units of that class had been converted to Class T Units immediately prior to such bid and the offer does not include a concurrent identical take-over bid, including in terms of price (relative to the NAV per Unit of the class), for the Class T Units, then the Fund shall provide the holders of Class T Units the right to convert all or a part of their Class T Units into Convertible Units of that class and to tender such Convertible Units to the offer. In the circumstances described above, the Fund shall by press release provide written notice to the holders of the Class T Units that such an offer has been made and of the right of such holders to convert all or a part of their Class T Units into Convertible Units of that class and to tender such Convertible Units to the offer.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

## **Mandatory Market Purchase Program**

To enhance liquidity and to provide market support for the Class T Units, the Fund has a mandatory market purchase program under which the Fund is obligated, subject to certain exceptions and to compliance with any applicable regulatory requirements, to purchase any Class T Units offered on the TSX if, at any time, the price at which Class T Units are then offered on the TSX is 98.50% or less of the NAV per Class T Unit as at the close of business in Toronto, Ontario on the immediately preceding Business Day. The maximum number of Class T Units to be purchased by the Fund pursuant to the MMPP in any rolling 10 trading day period is 10% of the number of Class T Units outstanding at the beginning of such 10 trading day period, subject to a limit of 2% of the number of Class T Units outstanding each trading day and subject to the terms set out in the Declaration of Trust. In addition, the Fund is not obligated to make such purchases, if among other things: (i) the Manager reasonably believes that the Fund would be required to make an additional distribution in respect of the year to Unitholders of record on or before December 31 of that year in order that the Fund will generally not be liable to pay income tax after the making of such purchase, (ii) in the opinion of the Manager, the Fund lacks the cash, debt capacity or other resources to make such purchases, or (iii) in the opinion of the Manager, such purchases would adversely affect the ongoing activities of the Fund or the remaining Unitholders. In addition, the Fund will have the right (but not the obligation), exercisable in its sole discretion, at any time to purchase additional Class T Units in the market, subject to any applicable regulatory requirements and limitations.

Given the procedures and rules of the TSX relating to the placement of purchase and sell orders and the filling of such orders, and with the objective of avoiding arbitrage in the market detrimental to Unitholders, the Fund may place bids on the Class T Units at 98.50% of the NAV per Class T Unit even if the trading price is lower. As a result, and because 1.32% of the NAV per Class T Unit (plus applicable taxes) for each Class T Unit purchased by the Fund will be paid to the Manager as part of the

Management Fee, the purchase of Class T Units under the MMPP will not be accretive to the Fund and Unitholders to the extent that this portion of the Management Fee is not being waived by the Manager. However, as the purchases made under the MMPP are being effected at a maximum of 98.50% of the NAV per Class T Unit (calculated as at the latest Valuation Time), they will not be dilutive to the Fund or Unitholders.

### **Distribution Policy**

The Fund provides Unitholders with quarterly cash distributions to be declared payable to Unitholders of record on the last day of each of March, June, September and December or on such other date as the Manager may set from time to time (any such date being the “**Record Date**”) and to be paid on or before the 10<sup>th</sup> business day of the first month following the end of the quarter for which the distribution is payable (the “**Distribution Date**”). The Fund will at least annually determine and announce the Target Distribution Amount based upon prevailing market conditions and the estimate by the Manager of distributable cash flow for the period to which such Target Distribution Amount pertains.

The Target Distribution Amount for the financial year ended March 31, 2019 is \$0.0875 per Class T Unit (corresponding to an annualized distribution of \$0.35 per Class T Unit per annum and representing an annualized yield of 3.5% per annum based on the original subscription price of \$10 per Class T Unit) and \$0.075 per Class A Unit (corresponding to an annualized distribution of \$0.30 per Class A Unit per annum and representing an annualized yield of 3.0% per annum based on the original subscription price of \$10.00 per Class A Unit).

The Fund made quarterly distributions during its fiscal year ended March 31, 2019 of \$0.0875 per Class T Unit and \$0.075 per Class A Unit. The Fund paid an aggregate of \$0.35 per Class T Unit and \$0.30 per Class A Unit in quarterly distributions in its fiscal year ended March 31, 2019.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

Based on the composition of the Portfolio, it is expected that the interest received from the Portfolio will be sufficient to fund distributions at the Target Distribution Amount. Because Portfolio Securities are generally held by the Fund until their maturities whereupon the principal amounts received by the Fund (net of repayment of borrowings used as leverage for the purchase of (or the acquisition of exposure to) such matured Portfolio Securities) are expected to be distributed to Unitholders as Principal Distributions, the size of the Portfolio and the amount of interest generated thereon will decrease over time and, notwithstanding a consolidation of Units following a Principal Distribution or a Principal Distribution effected by retracting Units, the Target Distribution Amount could change. The amount of the quarterly distributions may fluctuate from quarter to quarter and there can be no assurance that the Fund will make any distributions in any particular quarter or quarters or that the Target Distribution Amount will be satisfied each quarter. See “Risk Factors”. The Fund intends to fund the Target Distribution Amount from the interest and other income received from, and any capital gains realized on, the Portfolio.

In addition, the Fund generally expects to pay quarterly cash distributions to Unitholders on a relevant Distribution Date equal to the principal amounts received by the Fund during the quarter to which the distribution relates for Portfolio Securities that matured during such quarter, net of repayment of borrowings used as leverage for the purchase of (or the acquisition of exposure to) such matured Portfolio Securities (“**Principal Distributions**”). Principal Distributions will generally constitute a return

of capital by the Fund unless the Principal Distribution is effected by retracting Units in which event the Unitholder will be treated as having disposed of their Units that were retracted. Returns of capital are generally not subject to tax but will reduce the Unitholder's adjusted cost base of the Units for tax purposes. See "Income Tax Considerations". Following a Principal Distribution that is not effected by retracting Units, the Manager may consolidate the number of Units outstanding such that the NAV per Unit immediately following such Principal Distribution approximates the NAV per Unit immediately prior to such Principal Distribution.

Following a Principal Distribution that is effected other than by retracting Units, the Manager may consolidate the number of Units outstanding such that the NAV per Unit immediately following such Principal Distribution approximates the NAV per Unit immediately prior to such Principal Distribution.

If the return on the Portfolio (including dividends and net realized capital gains from the sale of Portfolio Securities) is less than the amount necessary to fund the quarterly distributions at the Target Distribution Amount and all expenses of the Fund, this will result in either a lower distribution or the return of a portion of the capital of the Fund to Unitholders which would reduce the NAV per Unit.

The Fund also may, at the discretion of the Manager, make other distributions of cash and/or in Units at any time if it considers it appropriate.

**The amount of the quarterly distributions may fluctuate from quarter to quarter and there can be no assurance that the Fund will make any distributions in any particular quarter or quarters or that the Target Distribution Amount will be satisfied each quarter.** In the event that the Fund is unable to generate sufficient income to make its quarterly distribution in a quarter, the Fund may either pay such distribution as a return of capital or will pay a lower distribution in that month. See "Risk Factors".

If the returns on the Portfolio are less than the amount necessary to fund quarterly distributions, the Manager may sell Portfolio Securities or may return a portion of the capital of the Fund in order to fund distributions. Distributions of cash by the Fund to Unitholders will decrease the net assets of the Fund and accordingly will reduce the NAV. It is expected that distributions to Unitholders will be characterized as income, dividends from taxable Canadian corporations and capital gains. See "Income Tax Considerations".

If, in any taxation year, after payment of any distributions paid on the Units, there would otherwise remain in the Fund additional net income or net realized capital gains, the Fund will be required to pay, or make payable, on or before the last day of that taxation year, a special distribution of such portion of the remaining net income and net realized capital gains on the Units as is necessary to ensure that the Fund will not be liable for non-refundable income tax thereon under Part I of the Tax Act. Such distributions may be made in Units and/or cash. A distribution payable in Units of a class will increase the aggregate adjusted cost base to the Unitholders of their Units of that class. Immediately following payment of such distribution in Units, the number of Units outstanding will be automatically consolidated such that the number of Units held by each Unitholder will be equal to the number of Units held immediately prior to such payment, except in the case of a non-resident Unitholder to the extent tax was required to be withheld in respect of the distribution. See "Income Tax Considerations".

## **UNITHOLDER MATTERS**

### **Meetings of Unitholders**

A meeting of Unitholders may be convened by the Manager by a written requisition specifying the purpose of the meeting, and must be convened by the Manager if requisitioned by Unitholders holding

not less than 25% of then outstanding Units by a written requisition specifying the purpose of the meeting. Unitholders cannot requisition a meeting to approve any matter that would have the effect of changing the Trustee or the Manager unless the Trustee or Manager (as applicable) is in breach under the Declaration of Trust or the Management Agreement, respectively. Unitholders also cannot requisition a meeting to approve a merger of the Fund into another investment fund of which the Manager (or an affiliate of the manager) is not the manager.

Notice of all meetings of Unitholders will be given in accordance with applicable law. The quorum for a meeting of all Unitholders is two or more Unitholders holding not less than 5% of the outstanding Units (whether Class A Units or Class T Units), represented in person or by proxy at a meeting unless the meeting has been requisitioned by Unitholders, in which event the quorum will be two or more Unitholders holding not less than 25% of the outstanding Units (whether Class A Units or Class T Units), represented in person or by proxy at the meeting. If, within 30 minutes of the time called for such meeting, no quorum is present at a meeting convened by the Manager on the requisition of a Unitholder, the meeting will be terminated. In any other case, the meeting will be adjourned to be held on the day that is 14 days after the so adjourned meeting at the same time and place; provided that, if such day is not a Business Day, the meeting shall be held on the next Business Day. At the adjourned meeting, the Unitholders then present in person or represented by proxy will form the necessary quorum.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

At all meetings of Unitholders, holders of Units of a class will vote as a single class unless the circumstances are such that one class is affected differently, in which case, the holders of differently affected class of Units will vote separately on such matters. Notwithstanding the foregoing, if the Unitholders of a class are not affected by the proposed matter, such Unitholders will not be entitled to vote thereon.

The Fund does not intend to hold annual meetings of Unitholders. However, the Fund will undertake to the TSX to hold annual meetings of Unitholders if so requested by the TSX.

### **Matters Requiring Unitholder Approval**

Subject to the matters requiring the approval of Unitholders by Extraordinary Resolution (as specified below) or unanimous approval of Unitholders (as discussed under “Unitholder Matters – Amendments to the Declaration of Trust”), any matter to be considered at a meeting of Unitholders (including matters specified in NI 81-102 as requiring Unitholder approval) will require the approval of Unitholders by a resolution passed by holders of more than 50% of the Units voted thereon (an “**Ordinary Resolution**”) at a meeting duly convened for the consideration of such matter. The matters currently specified in NI 81-102 as requiring Unitholder approval are the following:

- (a) the basis of the calculation of a fee or expense that is charged to the Fund or directly to Unitholders by the Fund or by the Manager in connection with the holding of Units is changed in a way that could result in any increase in charges to the Fund or to Unitholders;
- (b) a fee or expense, to be charged to the Fund or directly to Unitholders by the Fund or by the Manager in connection with the holding of Units that could result in an increase in charges to the Fund or to Unitholders is introduced;

- (c) the manager of the Fund is changed, unless the new manager is an affiliate of the current manager;
- (d) the investment objective of the Fund is changed;
- (e) the Fund decreases the frequency of the calculation of its NAV per Unit;
- (f) other than a Permitted Merger, the Fund undertakes a reorganization with, or transfers its assets to, another issuer if:
  - (i) the Fund ceases to continue after the reorganization or transfer of assets, and
  - (ii) the transaction results in Unitholders becoming securityholders in the other issuer;
- (g) the Fund undertakes a reorganization with, or acquires assets from, another issuer, if:
  - (i) the Fund continues after the reorganization or transfer of assets;
  - (ii) the transaction results in securityholders of the other issuer becoming Unitholders in the Fund; and
  - (iii) the transaction would be a material change to the Fund;
- (h) the Fund implements any of the following:
  - (i) a restructuring into a mutual fund; or
  - (ii) a restructuring into an issuer that is not an investment fund.

Notwithstanding the foregoing, the approval of Unitholders is not required under NI 81-102 to implement a change described in paragraph (a) or (b) above if the Fund is at arm's length to the person or company charging the fee or expense to the Fund and Unitholders are sent a written notice at least 60 days before the effective date of the change.

Further, but subject to the exceptions described below under "Amendment to the Declaration of Trust", the following matters may be undertaken only with the approval of Unitholders by a resolution passed by holders of not less than 66<sup>2</sup>/<sub>3</sub>% of the Units voted thereon at a meeting duly convened for the consideration of such matter (an "**Extraordinary Resolution**"):

- (a) any change in the investment objectives of the Fund or the Investment Restrictions, unless such change is necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (b) any amendment, modification or variation in the provisions or rights attaching to the Units; and
- (c) any amendment to the above provisions except as permitted by the Declaration of Trust.

A resolution in writing signed by Unitholders holding that number of Units which represent, in the aggregate, not less than the minimum number of votes that would be necessary to carry the resolution at a meeting of Unitholders is as valid as if it had been passed at a meeting of Unitholders.

For greater certainty, changes in the Fund's Target Distribution Amount or targeted yield levels do not require Unitholder approval.

### **Permitted Mergers**

The Fund may, without obtaining Unitholder approval, enter into a merger or other similar transaction which has the effect of combining the Fund or its assets on a tax-deferred "rollover basis" (a "**Permitted Merger**") with any other investment fund or funds managed or advised by the Manager or an affiliate thereof that has or have investment objectives and investment strategies that are substantially the same as the Fund's on an exchange ratio based on the relative NAVs of such funds, subject to NI 81-102 which requires, among other things:

- (a) approval of the Permitted Merger by the Fund's independent review committee;
- (b) written notice to Unitholders at least 60 days before the effective date of the Permitted Merger;
- (c) a special redemption right allowing Unitholders to redeem Units at 100% of the NAV per Unit if they so choose prior to the Permitted Merger (subject to any applicable Early Exchange Fee); and
- (d) the merging funds bearing none of the costs associated with the Permitted Merger.

### **Amendment to the Declaration of Trust**

Unless all of the Unitholders consent thereto, no amendment can be made to the Declaration of Trust which would have the effect of reducing the interests in the Fund of the Unitholders, increasing the liability of any Unitholder, or changing the right of any Unitholder to vote at any meeting of the Fund. No amendment may be made to the Declaration of Trust which would have the effect of reducing the fees payable or expenses reimbursable to the Manager or terminating the Manager unless the Manager, in its sole discretion, consents.

The Trustee may, without the approval of or notice to Unitholders, amend the Declaration of Trust to:

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions in this prospectus or any provisions of any law or regulation applicable to or affecting the Fund;
- (b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (c) bring the Declaration of Trust into conformity with (i) applicable laws, rules and policies of Canadian securities regulators or (ii) current practice within the securities or investment fund industries, provided that any amendment contemplated by (ii) does not adversely affect the pecuniary value of the interests of the Unitholders;
- (d) maintain the status of the Fund as a "unit trust" and "mutual fund trust" for the purposes of the Tax Act or to respond to amendments (including proposed amendments) to such Act or to the interpretation thereof;

- (e) effect the termination the Fund without Unitholder approval as set forth under the heading “Termination of the Fund”;
- (f) effect a Permitted Merger as described under the heading “Permitted Mergers”;
- (g) create one or more new class or classes of securities of the Fund having rights or privileges inferior to or equal to the outstanding securities of any class and make consequential amendments to the Declaration of Trust related thereto;
- (h) change the name of the Fund; or
- (i) provide added protection or benefit to Unitholders or to the Fund.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described above which require neither approval of nor prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Trustee at the request of the Manager upon not less than 30 days’ prior written notice to Unitholders. Such written notice may be given by the Fund by issuing a press release or by publishing an advertisement containing a summary description of the amendment in at least one major daily newspaper of general and regular paid circulation in Canada, or in any other manner the Manager determines to be appropriate.

### **Information and Reports to Unitholders**

The fiscal year end of the Fund is March 31. The Fund will deliver to Unitholders annual audited and interim unaudited financial statements of the Fund and other reports as from time to time are required by applicable law. Each Unitholder will be mailed annually, within the first 90 days of the year, information necessary to enable such holder to complete a Canadian federal income tax return with respect to amounts paid or payable by the Fund in respect of the preceding taxation year of the Fund. See “Income Tax Considerations”.

Prior to any meeting of Unitholders, the Fund will provide to Unitholders, together with the notice of such meeting, all such information as is required by applicable law to be provided to such Unitholders.

### **Exchange of Tax Information**

Part XVIII of the Tax Act imposes due diligence and reporting obligations on “reporting Canadian financial institutions” in respect of their “U.S. reportable accounts”. The Fund is a “reporting Canadian financial institution” and may be required to provide information to the CRA in respect of its Unitholders who are “US reportable account.” Such information generally relates to citizenship, residency and, if applicable, a U.S. federal tax identification number or such information relating to the controlling person(s) in the case of certain entities. If Unitholders hold their Units of the Fund through a dealer, the dealer will be subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Unitholders may be requested to provide information to the Fund or their dealers to identify U.S. persons holding Units of the Fund. If a Unitholder (or any controlling person of certain entities) is identified as a U.S. person (including a U.S. citizen) or if a Unitholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the Unitholder’s investments held in the financial account maintained by the Fund or the dealer to be reported to the CRA, unless the investments are held within a Registered Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

In addition, to meet the objectives of the Organization for Economic Co-operation and Development Common Reporting Standard (the “CRS”), the Fund is required under Canadian legislation

to identify and report to the CRA details and certain financial information relating to Unitholders in the Fund (excluding registered plans such as RRSPs) who are residents in a country outside of Canada and the U.S. which has adopted the CRS. The CRA is expected to provide that information to the tax authorities of the relevant jurisdiction that has adopted the CRS.

## **CALCULATION OF NET ASSET VALUE AND VALUATION OF PORTFOLIO SECURITIES**

The NAV and the NAV per Unit is calculated as of the Valuation Time on each Valuation Date. Information that becomes known after the NAV has been calculated on a particular day is not generally used to retroactively adjust the price of a security or the NAV determined earlier that day.

The NAV calculation on a particular date is equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, expressed in Canadian dollars. The NAV per Unit for each class of Units of the Fund on any Valuation Date is calculated by dividing (i) the aggregate value of the assets of the Fund attributable to that class of Units on such date, less the aggregate value of the liabilities of the Fund attributable to that class of Units on such date, by (ii) the total number of Units of the class issued and outstanding on such date, the result being rounded to the nearest whole cent.

### **Valuation Policies and Procedures**

In determining the NAV or the Total Assets at any time:

- (a) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, is deemed to be the face amount thereof, unless the Valuation Agent determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof is deemed to be such value as the Valuation Agent determines to be the reasonable value thereof;
- (b) the value of any bonds, debentures, and other debt obligations are valued by taking the average of the bid and ask prices on a Valuation Date at such times as the Valuation Agent, in its discretion, deems appropriate. Short-term investments including notes and money market instruments are valued at cost plus accrued interest;
- (c) the value of any security, index futures or index options thereon which is listed on any recognized exchange is determined by the closing sale price at the Valuation Time or, if there is no sale price, the average between the closing bid and the closing asked price on the day on which the NAV of the Fund is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (d) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit that shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV;
- (e) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;

- (f) the value of any security or other asset for which a market quotation is not readily available is its fair market value as determined by the Valuation Agent;
- (g) the value of any security, the resale of which is restricted or limited, is the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (h) the value of a futures contract, or a forward contract, is the gain or loss with respect thereto that would be realized if, at the Valuation Time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value will be based on the current market value of the underlying interest;
- (i) margin paid or deposited in respect of futures contracts and forward contracts is reflected as an account receivable and margin consisting of assets other than cash is noted as held as margin;
- (j) all securities, property and assets of the Fund valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency are converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Valuation Agent, including, but not limited to, the Valuation Agent or any of its affiliates;
- (k) all expenses or liabilities (including fees payable to the Valuation Agent or the Manager) of the Fund are calculated on an accrual basis; and
- (l) the value of any security or property to which, in the opinion of the Valuation Agent, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) is the fair value thereof determined in such manner as the Valuation Agent from time to time provides.

The Valuation Agent is entitled to rely on any values or quotations supplied to it by a third party, including the Manager, and is not required to make any investigation or inquiry as to the accuracy, completeness or validity of such values or quotations. Provided that the Valuation Agent acts in accordance with its standard of care, it will be held harmless by the Fund and will not be responsible for any losses or damages resulting from relying on such information.

## **Reporting of NAV**

The NAV per Unit for each class of Units as at each Valuation Date is available to the financial press for publication and at no cost, through the internet, at [www.fieracapital.com](http://www.fieracapital.com). The Manager also provides such information at no cost to Unitholders who so request by calling toll-free at 1-800-265-1888 (Client Services) or by e-mailing to [retailmarkets@fieracapital.com](mailto:retailmarkets@fieracapital.com).

## PURCHASES OF UNITS

### Market for Units

Units of the Fund are not offered on a continuous basis and hence are not available to be purchased from the Fund. Class T Units of the Fund are traded through the facilities of the TSX under the symbol CBT.UN and, accordingly, may be purchased in the market through an appropriately registered dealer.

### Book-Entry Only System

Registration of interests in and transfers of the Units is made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for redemption only through a CDS participant. All rights of a Unitholder must be exercised through, and all payments or other property to which such Unitholder is entitled are made or delivered by, CDS and the CDS participant through which the Unitholder holds such Units. Upon a purchase of Units, the holder will receive only the customary confirmation. All distributions in respect of Units will be made by the Fund to CDS, which will be forwarded by CDS to the CDS participants for forwarding by such CDS participants to the beneficial holders of Units.

None of the Fund, the Trustee, the Manager nor the Custodian will have any liability for: (i) any aspect of the records maintained by CDS relating to the beneficial interests in the Units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made by or given by or with respect to CDS, whether contained in this Annual Information Form or otherwise, or made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS participants. The rules governing CDS provide that it acts as the agent and depository for the CDS participants. As a result, CDS participants must look solely to CDS. Persons, other than CDS participants, having an interest in the Units must look solely to CDS participants for payment made by the Fund to CDS.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS participant) may be limited due to the lack of a physical certificate.

The Fund has the option to terminate registration of the Units through the book-entry only system, in which case certificates for Units in fully registered form would be issued to Unitholders or to their nominees.

## REDEMPTIONS OF UNITS

### Redemptions of Units

Holders of Units may make a redemption request at any time, in which case the Fund will redeem the Units on the second last Business Day of each month (the “**Monthly Redemption Date**”), subject to certain conditions. In order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the last Business Day of the month preceding the month in which the Monthly Redemption Date falls. Payment of the redemption price will be made on the Redemption Payment Date, subject to the Manager's right to suspend redemptions in certain circumstances.

Pursuant to the Declaration of Trust, the Fund may allocate and designate as payable any capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or

facilitate the redemption of Units to a Unitholder whose Units are being redeemed. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder.

#### *Class T Monthly Redemption Price*

A Unitholder who properly surrenders a Class T Unit for redemption on a Monthly Redemption Date, will receive the amount, if any, equal to the lesser of (i) 95% of the Market Price and (ii) 100% of the Closing Price of a Class T Unit on the applicable Monthly Redemption Date, (the “**Class T Monthly Redemption Price**”), less, in each case, any costs associated with the redemption including brokerage fees, commissions and other transaction costs incurred by the Fund in order to fund such redemption, if any. Notwithstanding the foregoing, the Class T Monthly Redemption Price with respect to a Class T Unit being redeemed on such date will not be greater than 100% of the NAV per Class T Unit on the Monthly Redemption Date.

#### *Convertible Unit Monthly Redemption Price*

Unitholders surrendering a Convertible Unit for redemption will receive an amount equal to the product of (i) the Class T Monthly Redemption Price on such Monthly Redemption Date, and (ii) a fraction, the numerator of which is the most recently calculated NAV per Unit of the Convertible Unit being redeemed and the denominator of which is the most recently calculated NAV per Class T Unit, (the “Convertible Unit Monthly Redemption Price”) less, in each case, any costs associated with the redemption including brokerage fees, commissions and other transaction costs incurred by the Fund in order to fund such redemption, if any. Notwithstanding the foregoing, the Convertible Unit Monthly Redemption Price with respect to a Convertible Unit being redeemed on such date will not be greater than 100% of the NAV per Unit of the Convertible Unit on the Monthly Redemption Date. Any redemption of Convertible Units prior to their Automatic Conversion Date is subject to an Early Exchange Fee as described under “Fees and Expenses”.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

#### **Exercise of Redemption Right**

An owner of Units who desires to exercise redemption privileges thereunder must do so by causing a CDS participant to deliver to CDS on behalf of the owner a Redemption Notice of the owner’s intention to redeem Units. An owner who desires to redeem Units should ensure that the CDS participant is provided with notice of his or her intention to exercise his or her redemption privilege sufficiently in advance of the relevant notice date so as to permit the CDS participant to deliver notice to CDS and so as to permit CDS to deliver notice to the registrar and transfer agent of the Fund in advance of the required time. The form of Redemption Notice will be available from a CDS participant or the registrar and transfer agent. Any expense associated with the preparation and delivery of Redemption Notices will be for the account of the owner exercising the redemption privilege.

Except as provided under “Suspension of Redemptions”, by causing a CDS participant to deliver to CDS a notice of the owner’s intention to redeem Units, an owner shall be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS participant to act as his or her exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Redemption Notice delivered by a CDS participant regarding an owner's intent to redeem which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the redemption privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with the owner's instructions will not give rise to any obligations or liability on the part of the Fund or the Manager to the CDS participant or to the owner.

Any and all Units which have been properly surrendered to the Fund for redemption are, subject to the Fund's right to recirculate Units described below, deemed to be outstanding until (but not after) the close of business on the applicable Valuation Date, unless the redemption proceeds are not paid on or before the applicable Redemption Payment Date in which event such Units will remain outstanding.

### **Suspension of Redemptions**

The Manager may suspend the redemption of Units or payment of redemption proceeds: (i) during any period when normal trading is suspended on stock exchanges or other markets on which securities owned by the Fund are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the Total Assets without allowance for liabilities and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund or (ii) during any period, with the consent of the securities regulatory authorities. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Business Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

### **Resale of Units Tendered for Redemption**

The Fund may enter into a recirculation agreement with a recirculation agent whereby such recirculation agent will agree to use commercially reasonable efforts to find purchasers for Units tendered for redemption prior to the relevant Monthly Redemption Date. The Fund may, but is not obligated to, require a recirculation agent to seek such purchasers. In such event, the amount to be paid to the Unitholder on or before the Redemption Payment Date will be an amount equal to the proceeds of the sale thereof less any applicable fees and commissions. Such amount will not be less than the amount that a Unitholder would have been otherwise entitled to receive on a Redemption Payment Date. The recirculation agreement will provide that the recirculation agent will not recirculate Units unless the price achieved by the recirculation agent in selling Units tendered for redemption is equal to or in excess of the redemption price to be paid to the redeeming Unitholder net of applicable fees and expenses. A Unitholder is entitled to require the Fund to redeem any Unit surrendered for redemption and is not obligated to have such Unit recirculated.

## **RESPONSIBILITY FOR FUND OPERATIONS**

### **Manager of the Fund**

Fiera Capital Corporation, an Ontario corporation incorporated under the laws of Ontario on January 1, 2010, is the Manager of the Fund. The address, telephone number and website address of Fiera

Capital Corporation is 1981 McGill College Avenue, Suite 1500, Montreal, Quebec, H3A 0H5, telephone: 514-954-3300, toll-free: 1-800-265-1888 (Client Services), [www.fieracapital.com](http://www.fieracapital.com). You also can contact the Manager at [retailmarkets@fieracapital.com](mailto:retailmarkets@fieracapital.com). The Manager manages the day-to-day business and operations of the Fund and provides all general management and administrative services.

### **Executive Officers and Directors of the Manager of the Fund**

The name, municipality of residence, position with the Manager and current principal occupation of each of the directors and executive officers of the Manager are set out below:

| <b><u>Name and Municipality of Residence</u></b> | <b><u>Position with the Manager</u></b>                                                                           | <b><u>Principal Occupation</u></b>                                                                                                                                                                                                                                                                        |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Réal Bellemare<br>Montréal, Québec               | Director                                                                                                          | Executive Vice-President, Finance, Treasury, Administration and Chief Financial Officer, Desjardins Group                                                                                                                                                                                                 |
| Geoff Beattie<br>Toronto, Ontario                | Director                                                                                                          | CEO, Generation Capital and Chair of Relay Venture                                                                                                                                                                                                                                                        |
| Sebastian Blandizzi<br>Toronto, Ontario          | Global Chief Technology & Operations Officer                                                                      | Global Chief Technology & Operations Officer, Fiera Capital Corporation<br><br>From July 2017 to June 2018: Chief Executive Officer, COZM Inc.<br><br>From December 2010 to December 2016: CIO, SVP & Head of Global Solutions Delivery, the Investments and Global Group Divisions at Manulife Financial |
| François Bourdon<br>Saint-Constant, Québec       | Global Chief Investment Officer                                                                                   | Global Chief Investment Officer                                                                                                                                                                                                                                                                           |
| Gary Collins<br>Vancouver, British-Columbia      | Director                                                                                                          | Senior Advisor, Lazard Canada<br><br>From 2015 to September 2016: Senior Advisor, Versus Partners Co.<br><br>From June 2014 to January 2015: Corporate Director, CHL/LIQ/DBO<br><br>From August 2012 to May 2014: President, Coastal Contacts (COA)                                                       |
| Jean-Guy Desjardins<br>Westmount, Québec         | Chairman of the Board, President and Chief Executive Officer, Fiera Capital Corporation                           | Chairman of the Board, President and Chief Executive Officer, Fiera Capital Corporation                                                                                                                                                                                                                   |
| Nitin N. Kumbhani<br>Dayton, Ohio                | Vice Chairman, Chief of Growth Equity Strategies, Fiera Capital Inc. (a US division of Fiera Capital Corporation) | Vice Chairman, Chief of Growth Equity Strategies, Fiera Capital Inc. (a US division of Fiera Capital Corporation)                                                                                                                                                                                         |
| Raymond Laurin<br>Lévis, Québec                  | Director                                                                                                          | Corporate Director                                                                                                                                                                                                                                                                                        |
| Jean C. Monty                                    | Director                                                                                                          | Director, DJM Capital Inc. and                                                                                                                                                                                                                                                                            |

| <b><u>Name and Municipality of Residence</u></b> | <b><u>Position with the Manager</u></b>                                                                              | <b><u>Principal Occupation</u></b>                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Montréal, Québec                                 |                                                                                                                      | Corporate Director                                                                                                                                                                                                                                                                                                                                 |
| Todd Morgan<br>Los Angeles, California           | Chairman and Chief Executive Officer, Bel Air Investment Advisors LLC and Director                                   | Chairman and Chief Executive Officer, Bel Air Investment Advisors LLC                                                                                                                                                                                                                                                                              |
| Lise Pistono<br>Laval, Québec                    | Director                                                                                                             | Vice President and Chief Financial Officer of DJM Capital Inc. and Corporate Director                                                                                                                                                                                                                                                              |
| David R. Shaw<br>Toronto, Ontario                | Lead Director                                                                                                        | Non-Executive Chairman of LHH Knightsbridge                                                                                                                                                                                                                                                                                                        |
| Jean Raby<br>Paris, France                       | Director                                                                                                             | Chief Executive Officer of Natixis Investment Managers<br><br>From May 2016 to November 2016: Chief Financial Officer, SFR Group<br><br>From September 2013 to February 2016: Executive Vice-President, Chief Financial and Legal Officer, Alcatel-Lucent S.A.<br><br>From March 2016 to April 2016: Adviser to the Chief Financial Officer, Nokia |
| Violaine Des Roches<br>Outremont, Québec         | Senior Vice President, Chief Legal and Chief Compliance Officer and Corporate Secretary<br>Fiera Capital Corporation | Senior Vice President, Chief Legal and Chief Compliance Officer and Corporate Secretary<br>Fiera Capital Corporation                                                                                                                                                                                                                               |
| Vincent Duhamel<br>Magog, Québec                 | Global President and Chief Operating Officer, Fiera Capital Corporation                                              | Global President and Chief Operating Officer<br><br>March 2011 to November 2017: Chief Executive Officer at Lombard Odier & Co. in Asia                                                                                                                                                                                                            |
| Ted Ecclestone<br>Toronto, Ontario               | Executive Vice President, Private Wealth, Canadian division, Fiera Capital Corporation                               | Executive Vice President, Private Wealth, Canadian division, Fiera Capital Corporation<br><br>Prior to May 2018: Partner, Portfolio Manager, Director at GCOV Asset Management                                                                                                                                                                     |
| Jean-Philippe Lemay<br>Candiac, Québec           | President and Chief Operating Officer and Canadian division, Fiera Capital Corporation                               | President and Chief Operating Officer and Canadian division, Fiera Capital Corporation<br><br>Prior to 2017: Chief Investment Officer, Canadian division of the Manager                                                                                                                                                                            |
| Nicolas Papageorgiou                             | Chief Investment Officer, Canadian                                                                                   | Chief Investment Officer, Canadian                                                                                                                                                                                                                                                                                                                 |

| <b><u>Name and Municipality of Residence</u></b> | <b><u>Position with the Manager</u></b>                                                                                     | <b><u>Principal Occupation</u></b>                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outremont, Québec                                | division, Fiera Capital Corporation                                                                                         | division, Fiera Capital Corporation<br><br>From 2016 to 2018:<br>Co-Leader of the Systematic Investment Strategies at the Manager<br><br>Prior to 2016:<br>Head of Research at leading investment and consulting firms                                                                                                                                                                      |
| Lucas Pontillo                                   | Executive Vice President and Global Chief Financial Officer, Fiera Capital Corporation                                      | Executive Vice President and Global Chief Operating Officer, Fiera Capital Corporation.<br><br>From January 2016 to October 2018:<br>Senior Managing Director and Chief Operating Officer at Manulife Asset Management<br><br>From August 2013 to December 2015:<br>Senior Managing Director and Chief Financial Officer at Manulife Asset Management                                       |
| Daniel Richard<br>Montreal, Québec               | Senior Vice President, Global Human Resources and Corporate Communications and CHRO                                         | Senior Vice President, Global Human Resources and Corporate Communications and CHRO<br><br>Prior to 2016: Director of External Communications for a global technology and engineering firm in Texas.                                                                                                                                                                                        |
| Norman M. Steinberg<br>Montréal, Québec          | Director                                                                                                                    | Chair Emeritus, Norton Rose Fulbright Canada LLP                                                                                                                                                                                                                                                                                                                                            |
| Benjamin Thompson<br>New York, New York          | President and Chief Executive Officer, Fiera Capital Inc. (a US division of Fiera Capital Corporation)                      | President and Chief Executive Officer, Fiera Capital Inc. (a US division of Fiera Capital Corporation)<br><br>Prior to 2015:<br>Chief Executive Officer and partner of Samson Capital Advisors                                                                                                                                                                                              |
| John Valentini<br>Montreal, Québec               | President and Chief Executive Officer of the Private Alternative Investments Inc. (a division of Fiera Capital Corporation) | President and Chief Executive Officer of the Private Alternative Investments Inc. (a division of Fiera Capital Corporation)<br><br>Prior to October 2018:<br>Executive Vice President, Global Chief Financial Officer and President of the Private Alternative Investments division, Fiera Capital Corporation<br><br>From April 2015 to September 2015:<br>Executive Vice-president, Chief |

| <b><u>Name and Municipality of Residence</u></b> | <b><u>Position with the Manager</u></b> | <b><u>Principal Occupation</u></b>                                                                            |
|--------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------|
|                                                  |                                         | Financial Officer and Chief Operating Officer of the Public Sector Pension Investment Board (PSP Investments) |

Philippe Ouellette and Angus Rogers are responsible for the management of the Portfolio.

### **Duties and Services to be provided by the Manager**

Pursuant to the Management Agreement, the Manager has been appointed as the sole and exclusive manager of the affairs of the Fund. In such capacity, the Manager is responsible for the day-to-day activities of the Fund from time to time. The services provided by the Manager under the Management Agreement include, without limitation: (a) authorizing and paying expenses incurred on behalf of the Fund; (b) appointing the Custodian, registrar and transfer agent, auditors, legal counsel and other organizations or professionals serving the Fund; (c) providing office space and facilities; (d) preparing accounting, management and other reports, including such interim and annual reports to Unitholders, financial statements, tax reporting to Unitholders, filings and income tax returns as may be required by applicable law; (e) monitoring the ability of the Fund to pay distributions; (f) communicating with Unitholders; (g) ensuring that the NAV per Unit of each class is calculated and published; (h) ensuring that the Fund complies with all regulatory and statutory requirements and applicable stock exchange listing requirements; (i) calling meetings of Unitholders as required; (j) providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Fund; and (k) monitoring and reviewing the services provided by third parties where the Manager further delegated administration of the Fund. As the Investment Advisor, the Manager manages the assets held by the Fund in accordance with the investment objectives of the Fund and subject to the investment restrictions set forth in the Declaration of Trust and described herein.

The Manager may delegate certain of its powers to third parties at no additional cost to the Fund where, in the discretion of the Manager, it would be in the best interests of the Fund to do so. The Manager will be responsible for monitoring and reviewing the services provided to such third parties on an ongoing basis.

The Manager is required to exercise its powers and perform its duties honestly, in good faith and in the best interests of the Fund and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect of the assets of the Fund if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence or breach of its duties or standard of care. Among other restrictions imposed on the Manager, it may not dissolve the Fund or wind up the affairs of the Fund except if, in its opinion, it would be in the best interests of the Unitholders to terminate the Fund or otherwise in accordance with the provisions of the Declaration of Trust.

### **Details of the Management Agreement**

The Manager will continue as manager of the Fund until the termination of the Fund unless: (i) the Manager resigns by written notice to the Fund; or (ii) the Manager is removed by written notice given by the Fund following the occurrence of certain specified events of default (as described below). The following comprise an event of default under the Management Agreement: (i) the bankruptcy or

insolvency of the Manager, or if the Manager either voluntarily or under an order of a court of competent jurisdiction makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency; (ii) the Manager's wilful misconduct, bad faith, negligence or breach of its standard of care owed under the Management Agreement, which, in the case of negligence which is capable of being cured, is not cured within 30 days following written notice to the Manager from the Fund specifying in reasonable detail the nature of such negligence; or (iii) the Manager no longer holds the licenses, registrations or other authorizations necessary to carry out its obligations under the Management Agreement and is unable to obtain them within a reasonable period after their loss. There is no provision for the termination of the Manager for breach of its obligations under the Management Agreement unless such breach constitutes a breach of the standard of care owed by the Manager.

The Management Agreement contains indemnification provisions whereby the Fund indemnifies the Manager against any loss, expense, damage or injury suffered in the scope of its authority under the Management Agreement, provided the same does not result from wilful misconduct, bad faith, negligence or breach of its standard of care owed under the Management Agreement. In addition, under the Management Agreement, the Manager indemnifies the Fund against any loss, expense, damage or injury suffered as a result of the Manager's wilful misconduct, bad faith, negligence or breach of its standard of care owed under the Management Agreement.

For its services, the Manager is paid the Management Fee described under "Fees and Expenses – Fees and Expenses Payable by the Fund - Management Fee". Pursuant to the terms of the Management Agreement, the Manager bears all costs and expenses incurred by the Manager in connection with all salaries, employee expenses, office rent and equipment, and other expenses customarily considered to be overhead expenses.

#### **Portfolio Adviser**

Fiera Capital's investment advisory services are provided to the Fund by a portfolio management team consisting of Philippe Ouellette and Angus Rogers. Biographical information regarding Mr. Ouellette and Mr. Rogers is provided below.

#### ***Philippe Ouellette, M.Sc., CFA, Vice President and Senior Portfolio Manager, Fixed Income***

Philippe Ouellette is a member of the Integrated Fixed Income team and is a portfolio manager for the Integrated Fixed Income strategies.

Mr. Ouellette has 22 years of industry experience and has been with the firm and a predecessor since 1995. Prior experiences include positions as Portfolio Manager and Analyst, Fixed Income at a major investment management firm. Mr. Ouellette graduated from the University of Moncton with a Bachelor of Business Administration (BBA) majoring in Finance as well as a Master's in Management degree (M.Sc.) in Finance from Université de Sherbrooke. He later received the Chartered Financial Analyst (CFA) designation.

#### ***Angus Rogers, CFA, Vice President and Senior Portfolio Manager, High Yield Bond***

Angus Rogers is Vice President and Senior Portfolio Manager, High Yield Bonds at Fiera. Prior to joining the Manager, Angus was the Head of High Yield Trading and Co-head of the Leverage Finance Department at Jefferies Group LLC in Stamford, Connecticut. During his eight years at Jefferies, Angus oversaw a team of six traders and managed a total book size of US\$500 million. Prior to that, he was Head of Trading/Co-Head of the High Yield Group for RBC Capital Markets in New York. Angus has over 29 years of experience in both U.S. and Canadian high-yield and has been Managing Director at RBC Capital Markets in both New York and Toronto. He has a Bachelor's degree in Economics, Politics,

and Philosophy from the University of Western Ontario (1988) and received his CFA designation in 1992.

### **Brokerage Arrangements**

The primary consideration in all Portfolio transactions is prompt execution of orders in an efficient manner on favourable terms. In selecting and monitoring dealers, the Manager considers the dealer's reliability, the quality of its execution services on a continuing basis and its financial condition. When more than one dealer is believed to meet these criteria, preference may be given to dealers who provide research or statistical material or other services to the Fund, the Manager, or their affiliates. This allows the Manager to supplement its own investment research activities and obtain the views and information of others prior to making investment decisions.

### **Trustee**

Computershare Trust Company of Canada is the trustee of the Fund under the Declaration of Trust and is responsible for certain aspects of the administration of the Fund as described in the Declaration of Trust. The address of the trustee where it principally provides services to the Fund is 100 University Avenue, 11<sup>th</sup> floor, North Tower, Toronto, Ontario M5J 2Y1.

The Trustee or any successor trustee may resign upon 90 days' written notice to the Manager or may be removed by an Extraordinary Resolution passed at a meeting of Unitholders called for such purpose. Any such resignation or removal will become effective only on the appointment of a successor trustee. If, after notice of resignation has been received from the Trustee, no successor has been appointed within 90 days of such notice, the Trustee, the Manager or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor trustee. In addition, the Manager may remove the Trustee in accordance with the Declaration of Trust. The Trustee must be removed if the Trustee ceases to (i) be resident in Canada for purposes of the Tax Act; (ii) carry out its functions of managing the Fund in Canada; or (iii) exercise the main powers and discretions of the trustee of the Fund in Canada. The Manager will provide notice of such event upon at least 30 days' notice to Unitholders of such termination by way of press release. Any such termination will become effective only on the appointment of a successor trustee by the Manager.

Pursuant to the Declaration of Trust, the Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. The Declaration of Trust provides that the Trustee will not be liable in carrying out its duties under the Declaration of Trust except in cases of willful misconduct, bad faith, negligence or breach of its standard of care and duty. The Trustee and each of its directors, officers, and employees will be indemnified by the Fund for all liabilities and expenses reasonably incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Trustee or any of its officers, directors or employees in the exercise of its duties under the Declaration of Trust, except those resulting from such person's willful misconduct, bad faith, negligence or breach of their standard of care in relation to the matter in respect of which indemnification is claimed. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee is entitled to receive fees from the Fund as described under "Fees and Expenses – Fees and Expenses Payable by the Fund – Operating Expenses of the Fund" and to be reimbursed by the Fund for all expenses which are reasonably incurred by the Trustee in connection with the activities of the Fund.

## **Custodian**

National Bank Independent Network, a division of NBF is the Custodian of the assets of the Fund pursuant to the Custodian Agreement and may employ sub-custodians as considered appropriate in the circumstances. The address of the Custodian is 250 Yonge Street, Suite 1900, Toronto, Ontario M5B 2L7. Pursuant to the Custodian Agreement, the Custodian provides safekeeping and custodial services in respect of the assets of the Fund, other than such assets of the Fund which are deposited with counterparties as collateral security for derivative transactions with such counterparties or deposited with dealers as margin for certain transactions, in each case as permitted by NI 81-102.

The Custodian may employ sub-custodian as considered appropriate in the circumstances under arrangements made to the satisfaction and order of the Custodian and in compliance with applicable regulatory requirements.

The Fund pays the Custodian customary custodianship fees for its services as outlined in the Custodian Agreement. The Custodian Agreement may be terminated by either party on 60 days' notice, and immediately by either party on written notice if either party is declared bankrupt or becomes insolvent, the assets or the business of either party becomes liable to seizure or confiscation by any public or governmental authority, the Manager's powers and authorities to act on behalf of or represent the Fund have been revoked or terminated, or the Custodian ceases to be qualified under applicable laws.

## **Auditor**

The independent auditor of the Fund is PricewaterhouseCoopers LLP. The address of the auditor is Suite 2500, 1250 René-Lévesque Boulevard West, Montreal, Quebec. The auditors of the Fund may not be changed unless the Independent Review Committee has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change.

## **Registrar and Transfer Agent**

Computershare Investor Services Inc. is the registrar and transfer agent for the Units at its principal office in Toronto, Ontario.

## **Valuation Agent**

Pursuant to the Valuation Services Agreement, CIBC Mellon Global Securities Services Company has been appointed by the Manager as the valuation agent of the Fund. The Valuation Agent provides, among other things, valuation services to the Fund and calculates the NAV in the manner described under "Calculation of Net Asset Value and Valuation of Portfolio Securities".

## **UTF Service Provider**

Pursuant to the UTF Services Agreement, the UTF Service Provider provides the following services to the Fund: (a) ongoing dealer support using a dedicated client service team of the UTF Service Provider who will liaise on an ongoing basis with registered dealers and individual sales representatives that have clients who invest (or may invest) in the Fund; (b) assisting the Fund (or arranging for another qualified party to assist the Fund) with implementing the MMPP including (i) executing trades in Class T Units on behalf of the Fund under the MMPP at no additional cost to the Fund, (ii) confirming that the terms of each trade under the MMPP are consistent with the parameters of the MMPP relating to purchase price and volume limits, (iii) reporting to the Fund on trading under the MMPP, (iv) completing procedures with the Fund, its transfer agent and CDS to cancel Class T Units purchased under the MMPP, and (v) monitoring the effectiveness of the MMPP at maintaining the trading price of the Class T Units close to their net asset value and providing analysis and ongoing advice to the Fund regarding same; (c)

arranging for a qualified party (which may be NBCN Inc. or another affiliate of the UTF Service Provider) to act as the Custodian of the asset of the Fund at no additional cost to the Fund; (d) ongoing research and development relating to enhancements to the UTF structure including continuing to seek lower cost service providers for the Fund; (e) assisting the Fund with preparing a base shelf prospectus; (f) monitoring the ongoing operations of the UTF features and the impact of regulatory and market developments on those features; (g) providing the Manager with access to equity research conducted by the UTF Service Provider; and (h) assistance to the Manager with the calculation of the amounts payable by the Manager to the Agents related reporting to the Agents, including disbursing these amounts to the Agents based on their relative entitlements. In addition, and in the event the Fund makes a subsequent offering, the UTF Service Provider will pay the expenses of the offering (including reimbursing the Manager for expenses of the offering it incurred on behalf of the Fund, regardless of whether the offering is completed (and, if completed, regardless of the number of Units sold pursuant to the offering)), but will be entitled to reimbursement from the Fund of the offering expenses to an amount not exceeding 0.50% of the gross proceeds of such offering; provided that the UTF Service Provider's obligation with respect to any particular expense is subject, in each case, to the UTF Service Provider being satisfied with (i) the service providers (including legal counsel and the auditor) selected for the Fund in connection with any such offering, (ii) the terms on which such service providers are retained, and (iii) the reasonableness of the other expenses relating to such offering.

In consideration for the services provided by the UTF Service Provider to the Fund under the UTF Services Agreement, the Fund pays to the UTF Service Provider the UTF Services Fee described under "Fees and Expenses - Fees and Expenses Payable by the Fund - UTF Services Fee" and will be reimbursed by the Fund for all reasonable costs and expenses incurred in connection with its services. The UTF Service Provider also is entitled to the Early Exchange Fee described under "Fees and Expenses - Fees and Expenses Payable by Unitholder - Early Exchange Fee". In addition, the UTF Service Provider, and its directors, officers, employees and agents, will be indemnified by the Fund for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against, the UTF Service Provider, or any of its officers, directors, employees or agents, in the performance of its services, except those resulting from the UTF Service Provider's wilful misconduct, bad faith or gross negligence.

The UTF Services Agreement, unless terminated as described below, will continue in effect until the tenth anniversary date of the Closing Date. The Fund and the Manager may terminate the UTF Services Agreement (i) if the UTF Service Provider has committed certain events of bankruptcy or insolvency ("UTF Service Provider Bankruptcy"); (ii) the UTF Service Provider is in material breach or default of the provisions thereof and, if capable of being cured, such breach has not been cured within 60 days after notice thereof has been given to the UTF Service Provider by the Fund and the Manager ("UTF Service Provider Default"); or (iii) upon not less than 90 days' notice to the UTF Service Provider by the Fund and the Manager.

The UTF Service Provider may terminate the UTF Services Agreement if the Fund or the Manager is in material breach or default of the provisions thereof and, if capable of being cured, such breach has not been cured at least 2 Business Days prior to 60 days after notice thereof has been given to Fund and the Manager by the UTF Service Provider. The UTF Services Agreement also will be deemed terminated by the UTF Service Provider, without any requirement to provide notice of such termination to the Fund or the Manager, on the Business Day immediately prior to the date on which the Fund (i) terminates, winds-up, reorganizes or merges into another entity; or (ii) terminates the UTF Services Agreement other than due to UTF Service Provider Bankruptcy or UTF Service Provider Default.

In the event that the UTF Services Agreement is terminated by the Fund or the Manager other than due to UTF Service Provider Bankruptcy or UTF Service Provider Default, each holder of Class A Units will be required to pay the Early Exchange Fee to the UTF Service Provider in respect of all Class

A Units held by the Unitholder as if such Unitholder had redeemed or converted all of his or her Class A Units and the Class A Units will be automatically converted into Class T Units.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

NBF also acts as an Agent and thereby receives certain fees as described herein. NBF also may be retained by the Fund in the future to provide certain market making services for which it would be compensated by the Fund. NBF will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder other than as described below and under “Fees and Expenses” and “Interest of Manager and Others in Material Transactions”.

### **Promoter**

Fiera Capital has taken the initiative in founding and organizing the Fund and, accordingly, may be considered to be a “promoter” of the Fund within the meaning of applicable securities legislation of certain provinces and territories of Canada. Except as otherwise described herein, Fiera Capital will not receive any benefits, directly or indirectly, from the issuance of the Units offered under. See “Fees and Expenses”.

## **CONFLICTS OF INTEREST**

### **Principal Holders of Units**

To the knowledge of the Fund, as of June 10, 2019, no person or company owned, beneficially or of record, either directly or indirectly, more than 10% of the outstanding Units of any class of the Fund.

To the knowledge of the Fund, as of June 10, 2019, the directors and senior officers of the Manager, in aggregate, did not own, beneficially, directly or indirectly, more than 10% of the outstanding Units of any class of the Fund or more than 10% of the voting securities of any person or company that provides services to the Fund (except as disclosed below).

### **Principal Securityholders of the Manager**

The following table sets out those persons and companies as at June 10, 2019 that are known by the Fund or the Manager to own beneficially more than 10% of any class or series of voting securities of the Manager:

| <b>Name</b>                 | <b>Number of Class A Subordinate Voting Shares</b> | <b>Percentage of Class A Subordinate Voting Shares</b> | <b>Number of Class B Special Voting Shares</b> | <b>Percentage of Class B Special Voting Shares</b> | <b>Percentage of Issued and Outstanding Shares</b> |
|-----------------------------|----------------------------------------------------|--------------------------------------------------------|------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Fiera Capital L.P.          | 6,275,288                                          | 7.86%                                                  | 19,412,401                                     | 100%                                               | 25.89%                                             |
| Natixis Investment Managers | 10,680,000                                         | 13.38%                                                 | 0                                              | 0%                                                 | 10.76%                                             |

As at June 10, 2019, the directors and officers of the Manager, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 9,674,013 Class A Subordinate Voting Shares

and 9,212,051 Class B Special Voting Shares of the Manager, representing approximately 12.11% of the total number of 79,823,365 Class A Subordinate Voting Shares outstanding and approximately 47.45% of the total number of 19,412,401 Class B Special Voting Shares. The statements as to the number of Shares beneficially owned directly or indirectly or over which control or direction is exercised by the directors and officers of the Manager as a group is based upon information provided by the directors and officers.

### **Securities held by Members of the Investment Review Committee**

To the knowledge of the Fund, as of June, 2019, the members of the Independent Review Committee beneficially owned, directly or indirectly, in aggregate, less than 10% of the outstanding Units of any class of the Fund.

To the knowledge of the Fund, as of June 10, 2019, the percentage of securities of Fiera Capital that are owned, directly or indirectly, in aggregate, by all members of the Independent Review Committee was equal to 0%. Further, as at June 10, 2019, the percentage of securities in any person or company that provides services to the Fund or the Manager owned beneficially, directly or indirectly, in aggregate, by all Independent Review Committee members was less than one percent.

### **Conflicts of Interest**

The Manager is engaged in a wide range of investment management, investment advisory and other business activities. The services of the Manager under the Management Agreement are not exclusive and nothing in the Management Agreement prevents the Manager or any of its affiliates from providing similar services to other investment funds and other clients (whether or not their investment objectives or strategies are similar to those of the Fund) or from engaging in other activities. The Manager's investment advice regarding the Portfolio and decisions with respect to the composition of the Portfolio, are made independently of those made for its other clients and independently of its own investments. On occasion, however, the Manager may decide on the same investment for the Fund and for one or more of its other clients. If the Fund and one or more of the other clients of the Manager or its affiliates are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis in accordance with the Manager's trade allocation policy in effect from time to time.

The Manager or its affiliates may act as the manager to other funds which may invest primarily in the same securities as the Fund from time to time invests and which may be considered competitors of the Fund. In addition, the directors and officers of the Manager or its affiliates may be directors, officers, shareholders or unitholders of one or more issuers in which the Fund may acquire securities or of corporations which act as the manager of other funds that invest primarily in the same securities as the Fund from time to time invests and which may be considered competitors of the Fund. The Manager or its affiliates may be managers or portfolio managers of one or more issuers in which the Fund may acquire securities and may be managers or portfolio managers of investment funds that invest in the same securities as the Fund. A decision to invest in such issuers will be made without consideration of the relationship of the Manager or its affiliates with such issuers. Conflicts of interest between the Manager and the Fund will be addressed by the Independent Review Committee.

### **Relationship between the Fund and the Agents**

NBF, which is the UTF Service Provider and has acted as an Agent, also acts as the Custodian and provides the Fund with the Prime Brokerage Facility, the proceeds of which are used by the Fund for various purposes including purchasing additional securities for the Portfolio, effecting market purchases of Units, maintaining liquidity and funding redemptions. See "Interest of Manager and Others in Material Transactions". NBF was involved, together with other Agents, in the decision of the Fund to undertake its initial public offering of Units and the determination of the terms of the distribution. NBF received no

benefit in connection with the Fund's public offerings of Units other than (i) the UTF Services Fee, (ii) a portion of the annual deferred compensation in relation to such public offerings based on the NAV of the Fund, and (iii) a portion of the Contingent Agents Fee, each as described under "Fees and Expenses".

### **Interest of Manager and others in material transactions**

The Manager and the UTF Service Provider will receive the fees described under "Fees and Expenses – Fees and Expenses Payable by the Fund" for their respective services to the Fund and will be reimbursed by the Fund for all reasonable expenses and liabilities incurred in connection with such services.

The interest rates, fees and expenses under the Prime Brokerage Facility are typical of a credit facility of that nature and the Fund may be required under the Prime Brokerage Facility to provide a security interest in favour of NBF over the assets held by the Fund to secure such borrowings. See "Investment Objectives, Strategies and Restrictions – Leverage".

## **FUND GOVERNANCE**

### **Independent Review Committee**

The Independent Review Committee has been established in accordance with NI 81-107. The Independent Review Committee is currently comprised of three members, namely Gerry O'Connor, Mark Leung and Michael Boyd, each of whom is independent of the Manager, entities related to the Manager and the Fund.

The Independent Review Committee functions in accordance with applicable securities law, including NI 81-107. The mandate of the Independent Review Committee is to review and provide its decisions to the Manager on conflict of interest matters that the Manager has referred to the Independent Review Committee for review. The Manager is required to identify conflict of interest matters inherent in its management of the Fund and request input from the Independent Review Committee in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest.

In performing their duties, members of the Independent Review Committee are required to act honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Independent Review Committee reports annually to Unitholders which reports are available free of charge upon request to the Manager and will also be posted on Fiera Capital's website at [www.fieracapital.com](http://www.fieracapital.com).

Each member of the Independent Review Committee is paid an annual fee of \$9,000 per annum (the Chair of the Independent Review Committee is paid an annual fee of \$12,000) plus \$1,500 per meeting attended. These fees and other reasonable expenses of the Independent Review Committee are paid pro rata out of the assets of the Fund, as well as out of the assets of the other investment funds managed by the Manager for which the Independent Review Committee acts as the independent review committee. The backgrounds of the members of the Independent Review Committee are described below.

#### *Gerry O'Connor*

Mr. O'Connor is the founder and President, Blackrock Corporate Services, an independent consulting company specializing in the provision of defined benefit and defined contribution pension plan and investment services to pension plan sponsors. He has more than 20 years of experience in the pension industry. From 1997 to 2003, his career at Sun Life Assurance Company of Canada included responsibilities as Director, Investment Advisory Services, Group Retirement Services; Director,

Planning; AVP Business Development and AVP Retail Integration. From 1995 to 1997, he served as Director and Company Secretary, Canada Starch Company Inc. and Chairman, Pension Committee. His corporate responsibilities included pension plan governance and administration; fiduciary responsibility and due diligence; investment and risk management; compliance with federal and provincial pension legislation; financial reporting; liaison with actuarial firms; employee and pensioner communications. From 2006-2010, he served as Director, The Toronto Board of Trade. He served as a Director, T.E. Financial from 2000 to 2003. Mr. O'Connor holds a B.A. Degree from the National University of Ireland, University College Dublin (1967).

Mr. O'Connor is the Chair of the Independent Review Committee.

#### *Mark Leung*

Mr. Leung is the CFO at Aereus Technologies Inc., a pioneer in the global metallic antimicrobial coating industry. Mark has more than 20 years of experience in the financial industry. From 2011 to 2015, he worked as a consultant for several companies in clinical research, software technology, and early stage start-ups acting as their CFO and Controller. From 2008 to 2011, he was the Head of Finance & Accounting at INC Early Phase, a division of INC Research, a global clinical research organization. From 2002 to 2008, he was the chief financial officer at DecisionLine Clinical Research Corporation, a clinical research organization that was acquired by Kendle International Inc. in 2008. From 2000 to 2002, he served as Assistant Director, Accounting, at Syndesis Limited. From 1997 to 2000, he served as controller at Triversity Inc. From 1996 to 1997 he served as financial planning manager at Cotton Ginny Ltd. From 1994 to 1996, he served as financial accounting manager at KFC Canada. From 1989 to 1994, he was an auditor at PricewaterhouseCoopers LLP. Mr. Leung was a past President and has served as Director, CMHA York Region, since 2002

#### *Michael Boyd*

Mr. Boyd has over 40 years of investment management experience in the Canadian financial services industry in credit, investment banking, venture capital and private equity. He is currently a director of several publicly traded and private companies and serves on two other independent review committees. Mr. Boyd founded Argosy Bridge Fund L.P. in 2002, an institutionally funded limited partnership specializing in short-term bridge financings, and was managing general partner until 2008. From 1997 to 2002, he served as Managing Director at HSBC Capital (Canada) Inc. and was involved with raising a private equity fund, with \$85 million in assets under management, and managing its investing strategy. During this time, Mr. Boyd was also involved in bridge lending transactions. Prior to 1997, Mr. Boyd served in various capacities at Marleau Lemire Securities Inc., BG Acorn Capital Fund, Citibank Canada, TD Capital Group and RoyNat Inc. Mr. Boyd has served on the board of directors of a number of public and private companies and is a member of the Institute of Corporate Directors. Mr. Boyd holds an Honours BA in Philosophy and Psychology from the University of Western Ontario (1974) and an MBA degree from the Ivey School of Business (1976).

### **General Fund Governance**

The Manager is responsible for the governance of the Fund. See “Responsibility of Fund Operations – Manager of the Fund” herein for information regarding the directors and executive officers of Manager. Fund governance refers to the policies, practices and guidelines of the Fund that relate to business practices, sales practices and internal conflicts of interest.

The board of directors of the Manager has established appropriate policies, practices and guidelines relating to the business practices, sales practices, risk management controls and internal conflicts of interest as more fully described herein.

## Derivatives and Securities Lending

The Manager has policies and practice guidelines to manage the risks associated with the use of derivatives and securities lending. Such policies and practice guidelines require that:

- the use of derivative instruments and securities lending instruments be consistent with the Fund's investment objectives and Investment Restrictions;
- the risks associated with the use of derivatives and securities lending transactions be adequately described in the Fund's public disclosure documents;
- authorized officers or directors of the Manager approve the parameters, including trading limits, under which derivatives and securities lending is to be permitted for the Fund and that such parameters comply with applicable securities legislation; and
- the operational, monitoring and reporting procedures in place ensure that all derivatives and securities lending are completely and accurately recorded, in accordance with their approved use, and within the limits and regulatory restrictions prescribed for the Fund.

These policies and practice guidelines are reviewed as necessary by Manager's management.

## Proxy Voting Procedures

The Manager has established a proxy voting policy (the "**Proxy Voting Policy**") that provides that the Manager will vote, where applicable, the Portfolio Securities in the best interests of its clients, including the Fund and its Unitholders. The Manager has established detailed proxy voting guidelines covering both routine and non-routine matters and maintains procedures to monitor for upcoming votes. When a pending vote is identified, an analyst reviews the ballot, along with supplemental information about the vote provided by third party vendors and research providers. The analyst makes the voting decision. If the analyst votes in contravention of the Manager's guidelines, the rationale must be documented and approved by a senior portfolio manager. The Proxy Voting Policy also outlines the specific responsibilities of third party service providers for administration and recordkeeping services. The Manager will identify any conflicts in voting proxies which may exist between the interests of the Manager and its clients, including the Fund. If a material conflict exists, the Manager will determine whether voting in accordance with its voting guidelines is in the best interests of its clients (or particular affected clients).

The Fund's proxy voting record for each calendar year will be available at no cost to any Unitholder upon request and at [www.fieracapital.com](http://www.fieracapital.com) at any time after August 31 of the following calendar year. The Manager publishes these records on an annual basis, on its website at [www.fieracapital.com](http://www.fieracapital.com). A copy of the Proxy Voting Policy is available on request free of charge any time by contacting the Manager at 1-800-361-3499 or by writing to 1981 McGill College Avenue, Suite 1500, Montreal, Québec H3A 0H5.

## FEES AND EXPENSES

### Fees and Expenses Payable by the Fund

#### *Management Fee*

Pursuant to the terms of the Management Agreement, the Fund pays the Manager an annual management fee (the "**Management Fee**") equal to the sum of (i) 0.70% of the NAV, plus applicable taxes, calculated daily and payable monthly, and (ii) an amount equal to the Contingent Agents Fee, plus

applicable taxes. The portion of the Management Fee described in (ii) above will be waived by the Manager from time to time during such periods when it is under no obligation to be compensating Agents for selling Units. The Manager pays to the Agents out of the Management Fee annual deferred compensation equal to (i) 0.40% of the NAV, and (ii) 1.32% of the aggregate NAV per Unit of all Class T Units that are purchased and cancelled by the Fund during the year under the MMPP (the “**Contingent Agents Fee**”). No portion of the annual deferred compensation is expected to be paid by the Agents to their individual representatives. The annual deferred compensation will be paid until the aggregate amount of all annual deferred compensation paid to the Agents is not less than 1.50% of the gross proceeds from all public Offerings.

#### *UTF Services Fee*

Pursuant to the terms of the UTF Services Agreement, the Fund pays the UTF Service Provider a fee of 0.25% per annum of the NAV attributable to the Class T Units, calculated daily and payable quarterly, plus 0.85% per annum of the NAV attributable to the Class A Units, calculated daily and payable quarterly (collectively, the “**UTF Services Fee**”), plus applicable taxes. The UTF Service Provider also be reimbursed by the Fund for all reasonable costs and expenses incurred in connection with its services. See “Responsibility for Fund Operations – UTF Service Provider”.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

#### *Operating Expenses of the Fund*

The Fund pays for all expenses incurred in connection with the operation and management of the Fund. Each class of Units is responsible for the expenses specifically related to that class and a proportionate share of expenses that are common to all classes of Units. These expenses include, without limitation: (a) financial reporting costs, and mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; (b) any taxes payable by the Fund; (c) fees and expenses payable to the Trustee for acting as trustee of the Fund; (d) fees payable to the Custodian; (e) fees payable to the Valuation Agent; (f) fees payable to the registrar and transfer agent for the Units for performing certain financial, record-keeping, Unitholder reporting and general administrative services; (g) costs and fees payable to any agent, legal counsel, actuary, valuation agent, technical consultant, accountant and auditor of the Fund and costs and expenses payable to any investment advisor or investment counsel; (h) ongoing regulatory filing fees, stock exchange fees, listing fees and other fees; (i) any expenses incurred by the Fund in connection with any legal proceedings in which the Manager participates on behalf of the Fund or any other acts of the Manager in connection with the protection of the Fund Property (as defined in the Declaration of Trust) or of any investment included therein; (j) the fees and other expenses of members of the Independent Review Committee, as well as premiums for insurance coverage for such members of the Independent Review Committee and for directors and officers of the Manager, which fees will be paid on a *pro rata* basis by the Fund and other applicable investment funds managed by the Manager and, in the case of the Independent Review Committee, of which the same individuals form the independent review committee; (k) any expenditures which may be incurred upon the termination of the Fund; (l) consulting fees including website maintenance costs and expenses associated with the preparation of tax filings; and (m) other administrative expenses, including the expenses of the Investment Advisor. The aggregate annual amount of these fees and expenses is estimated to be \$226,519 per annum. The Fund also is responsible for all commissions and other costs of securities transactions, debt service and costs relating to borrowings by

the Fund, including under the Loan Facility or the Prime Brokerage Facility, as applicable, and any extraordinary expenses which it may incur from time to time.

#### *Additional Services*

Any arrangements for additional services between the Fund and the Manager, or any affiliate thereof, that have not been described in this Annual Information Form shall be on terms that are no less favorable to the Fund than those available from third parties for comparable services and the Fund shall pay all expenses associated with such additional services.

### **Fees and Expenses Payable by Unitholders**

#### *Early Exchange Fee*

Any redemption of Convertible Units and any conversion of Convertible Units into Class T Units prior to their Automatic Conversion Date will be subject to an Early Exchange Fee per Unit redeemed or converted, as the case may be, equal to a percentage of the NAV per Unit of the Convertible Unit being redeemed or converted. Below is the Early Exchange Fee payable upon a redemption or conversion of Class A Units:

| <u>Period during which the redemption or conversion is effected</u> | <u>Early Exchange Fee (% of NAV per Class A Unit)</u> |
|---------------------------------------------------------------------|-------------------------------------------------------|
| April 30, 2018 to July 31, 2018                                     | 0.80%                                                 |
| July 31, 2018 to October 31, 2018                                   | 0.60%                                                 |
| October 31, 2018 to January 31, 2019                                | 0.40%                                                 |
| January 31, 2019 to but excluding the Automatic Conversion Date     | 0.20%                                                 |

In the case of a conversion of Convertible Units, the Fund will redeem such number of Convertible Units from those otherwise being converted as is necessary to pay the Early Exchange Fee and will deduct the Early Exchange Fee from the redemption proceeds. In the case of a redemption of Class A Units, the Fund will deduct the Early Exchange Fee from the redemption proceeds. The Early Exchange Fee so deducted by the Fund will be remitted by the Fund, on behalf of the Unitholder, to the UTF Service Provider.

The Early Exchange Fee also is payable upon termination of the UTF Services Agreement by the Fund and the Manager in certain circumstances. See “Responsibility for Fund Operations – UTF Service Provider”.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

#### *Redemption Expenses*

In connection with the redemption of Units, any costs associated with the redemption, including all brokerage fees, commissions, wire transfer fees and other transaction costs incurred by the Fund in

order to fund such redemption, will be deducted from the applicable redemption price payable to the Unitholder exercising the redemption privilege.

## **REMUNERATION OF DIRECTORS, OFFICERS, TRUSTEE AND INDEPENDENT REVIEW COMMITTEE**

### **Remuneration of Directors and Officers**

The officers of the Manager receive their remuneration from the Manager. The directors of the Manager do not receive any director fees. The expenses of the directors of the Manager and the premiums for directors' and officers' insurance coverage for the directors and officers of the Manager are paid by the Manager.

### **Remuneration of the Trustee**

Pursuant to the Declaration of Trust, the Trustee is paid an amount corresponding to \$7,501 as compensation for its services as trustee.

### **Remuneration of the Independent Review Committee**

Compensation for each member of the Independent Review Committee is \$9,000 per member per annum plus a per meeting fee for each investment fund of \$1,500 per member. The fees and other reasonable expenses of members of the Independent Review Committee, as well as premiums for insurance coverage for such members, are paid by the Fund and other applicable investment funds managed by the Manager on a *pro rata* basis. In addition, the Fund has agreed to indemnify the members of the Independent Review Committee against certain liabilities. The total amount of the fees and expenses of the Independent Review Committee members paid by the Fund for the year ended March 31, 2019 was \$30,000.

## **INCOME TAX CONSIDERATIONS**

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations that generally apply to the acquisition, holding and disposition of Units by a purchaser of Units. This summary only applies to a purchaser who is an individual (other than a trust that is not a Registered Plan) and who, for purposes of the Tax Act, is resident in Canada, deals at arm's length with the Fund, is not affiliated with the Fund and holds Units (a "**Holder**"). Generally, the Units will be considered to be capital property to a purchaser provided that the purchaser does not hold such securities in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have their Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Unitholder that has entered or will enter into a "derivative forward agreement" or a "synthetic disposition arrangement" as these terms are defined in the Tax Act with respect to the Units.

This summary is based on the assumption that the Fund will continue to qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. **In the event the Fund were not to continue to qualify as a mutual fund trust at all times, the income tax consequences described below would be materially different and in some respects adverse.** This summary is also based on the assumptions that none of the issuers of the securities in the portfolio will be foreign affiliates of the Fund or of any Unitholder and, that none of the securities in the portfolio will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act. Further, this summary assumes that none of the securities in the

portfolio will be “offshore investment fund property” that would require the Fund to include amounts in the Fund’s income pursuant to section 94.1 of the Tax Act, or an interest in a trust which would require the Fund to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an exempt foreign trust as defined in section 94 of the Tax Act.

This summary is based on the provisions of the Tax Act and the regulations thereunder in force on the date hereof, the current publicly available administrative and assessing practices of the CRA published in writing by it prior to the date hereof and all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations. There is no assurance that the Tax Proposals will be enacted in the form proposed or at all.

**This summary is not exhaustive of all possible Canadian federal income tax considerations that may apply to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the investor’s particular circumstances including the province(s) or territory(ies) in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular investor. Prospective investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units based on their particular circumstances and consider the information under “Risk Factors - Taxation of the Fund”.**

### **Status of the Fund**

The Fund qualifies as a “mutual fund trust” for purposes of the Tax Act.

Provided the Fund continues at all times to qualify as a “mutual fund trust” within the meaning of the Tax Act, or the Units are listed on a “designated stock exchange” within the meaning of the Tax Act, the Units will be qualified investments under the Tax Act for Registered Plans.

### **Taxation of the Fund**

The Fund is subject to tax under Part I of the Tax Act in each taxation year on its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount payable to Unitholders in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount. Pursuant to the Declaration of Trust, the Trustee intends to make sufficient income, including net realized taxable capital gains of the Fund, payable to Unitholders in each taxation year so that the Fund is not liable to pay tax under Part I of the Tax Act for the taxation year, other than tax on net realized taxable capital gains that would be refunded to it with respect to such taxation year.

The Fund is required to include in its income for each taxation year all dividends received (or deemed to be received) in the year on shares of corporations. Distributions and allocations of certain income and capital gains from “SIFT trusts” and “SIFT partnerships” (as defined in the Tax Act) received by the Fund are treated as dividends paid from taxable Canadian corporations.

With respect to each issuer included in the Portfolio that is a Canadian resident trust (other than a SIFT trust), for example, a “real estate investment trust,” and whose units are held by the Fund as capital

property, the Fund is required to include in the calculation of its income the net income, including net taxable capital gains, paid or payable to the Fund by the issuer in the year, notwithstanding that certain of such amounts may be reinvested in additional units of such issuer. Provided that appropriate designations are made by such an issuer, net taxable capital gains realized by the issuer and taxable dividends from taxable Canadian corporations received by the issuer that are paid or payable by the issuer to the Fund will effectively retain their character in the hands of the Fund.

The Fund is required to include in its income for each taxation year in respect of debt obligations held by the Fund all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. Upon the actual or deemed disposition of a debt obligation, the Fund will be required to include in computing its income for the year of disposition all interest that accrued on such debt obligation from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Fund's income for that or another taxation year and such income inclusion will reduce the proceeds of disposition for purposes of computing any capital gain or loss.

The Portfolio includes securities that are not denominated in Canadian dollars. Cost, proceeds of disposition of securities, distributions, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction. The Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Fund derives income (including gains) from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid does not exceed 15% of such income and has not been deducted in computing the Fund's income, the Fund may designate a portion of its foreign source income in respect of a Holder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Holder for the purposes of the foreign tax credit provisions of the Tax Act. To the extent that such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund's income from such investments, such excess may generally be deducted by the Fund in computing its income for the purposes of the Tax Act.

In determining the income of the Fund, subject to the application of the DFA Rules, gains or losses realized upon dispositions of Portfolio Securities of the Fund and premiums received on covered call options written by the Fund that are not exercised prior to the end of a year will constitute capital gains or capital losses of the Fund in the year realized or received, unless the Fund is considered to be trading or dealing in securities or otherwise carrying on an investment business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade.

The Fund purchases Portfolio Securities with the objective of earning dividends and income thereon over the life of the Fund and writes covered call options with the objective of increasing the yield on the Portfolio Securities beyond the income received on such Portfolio Securities. The Fund takes the position that gains and losses realized by the Fund in respect of Portfolio Securities and covered call options on such Portfolio Securities are capital gains and capital losses. In addition, the Fund has elected in accordance with the Tax Act to have each of its "Canadian securities" (as defined in the Tax Act) treated as capital property. Subject to the DFA Rules, such election will ensure that gains or losses realized by the Fund on the disposition of Canadian securities, including most shares of corporations and units of trusts structured as mutual fund trusts, are capital gains or capital losses, as the case may be.

Premiums received by the Fund on covered call options that are subsequently exercised will be added in computing the proceeds of disposition to the Fund of the Portfolio Securities disposed of by the Fund upon the exercise of such call options. In addition, where the premium was in respect of an option granted in a previous year so that it constituted a capital gain of the Fund in the previous year, such capital gain will be reversed.

Gains and losses made through derivative securities will generally be treated as being on income account except where the derivative is used to hedge securities held on capital account.

The DFA Rules target certain financial arrangements that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests). The DFA Rules are broad in scope and could apply to other agreements or transactions. If the DFA Rules were to apply in respect of any derivatives used by the Fund, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

The Fund is entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (“capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of securities in connection with redemptions of Units.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, including interest on any loan facility or prime brokerage facility entered into by the Fund generally to the extent borrowed funds are used to purchase Portfolio Securities. The Fund may not deduct interest on any loan facility or prime brokerage facility entered into by the Fund to the extent that borrowed funds are used to fund redemptions. The Fund may deduct rateably over a five year period (subject to reduction in any taxation year that is less than 365 days) the other expenses of a public offering that are paid by the Fund and not reimbursed.

In certain situations where the Fund disposes of property and would otherwise realize a capital loss, the capital loss will be deemed to be a “suspended loss” under the Tax Act. This may occur if the Fund disposes of and acquires the same property during the period that begins 30 days before and ends 30 days after the disposition of property and holds it at the end of that period. If a capital loss is suspended, the Fund cannot deduct the capital loss until the substituted property is sold and not reacquired within 30 days before and after the sale.

Any losses incurred by the Fund may not be allocated to Unitholders but may generally be carried forward and back and deducted in computing the taxable income of the Fund in accordance with the detailed rules and limitations in the Tax Act.

## **Taxation of Holders**

A Holder generally is required to include in computing income for a taxation year the amount of the Fund’s net income for the taxation year, including the taxable portion of the Fund’s net realized capital gains, paid or payable to the Holder in the taxation year whether received in cash, additional Units or reinvested in additional Units including pursuant to the Reinvestment Plan. The non-taxable portion of the net realized capital gains of the Fund paid or payable to a Holder in a taxation year will not be included in computing the Holder’s income for the year. Any amount in excess of such Holder’s share of the net income and the net realized capital gains of the Fund for a taxation year that is paid or becomes payable to the Holder in such year generally will not be included in the Holder’s income for the year but will reduce the adjusted cost base of the Holder’s Units. To the extent that the adjusted cost base of a Unit

would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund, and the taxable dividends received or deemed to be received by the Fund on shares of taxable Canadian corporations, as is paid or payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply including an enhanced gross-up and dividend tax credit in respect of “eligible dividends” paid by taxable Canadian corporations. In addition, provided that appropriate designations are made by the Fund in respect of foreign income or gains of the Fund, for the purpose of computing any foreign tax credit available to a Holder, and subject to the rules in the Tax Act, the Holder will be deemed to have paid as tax to the government of a foreign country the Holder’s share of the taxes paid or considered to be paid by the Fund to that country. Any loss of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

A Holder who acquires additional Units, including on the reinvestment of distributions pursuant to the Reinvestment Plan, may become taxable on the Holder’s share of any income and gains of the Fund that have accrued or been realized but have not been made payable at the time the additional Units are acquired.

On the disposition or deemed disposition of Units (whether on a sale, redemption or otherwise), the Holder will realize a capital gain (or capital loss) to the extent that the Holder’s proceeds of disposition (other than any amount payable by the Fund which represents an amount that is otherwise required to be included in the Holder’s income as described herein including any income or capital gain of the Fund that may be allocated to a redeeming Holder) exceed (or are less than) the aggregate of the adjusted cost base of the Units and any reasonable costs of disposition. Any additional Units acquired by a Holder on the reinvestment of distributions or on the investment of an Optional Cash Payment will generally have a cost equal to the amount reinvested or invested, as the case may be. If a Holder participates in the Reinvestment Plan and, because the Plan Agent is unable to purchase sufficient Units in the market to fully reinvest a distribution or invest an Optional Cash Payment, the Holder acquires a Unit from the Fund at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Holder must include the difference in income and that the cost of the Unit will be correspondingly increased.

Based in part on the current published administrative policies and assessing practices of the CRA, a conversion of Convertible Units into Class T Units will not constitute a disposition of the Convertible Units for the purposes of the Tax Act except to the extent that Convertible Units are redeemed to pay an Early Exchange Fee.

For the purpose of determining the adjusted cost base of Units to a Holder, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Holder as capital property at that time. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units.

One-half of any capital gain (a “taxable capital gain”) realized on the disposition of Units will be included in the Holder’s income and one-half of any capital loss (an “allowable capital loss”) realized must be deducted from taxable capital gains realized in the same taxation year in accordance with the provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Fund paid or payable to a Holder that is designated as taxable dividends from taxable Canadian corporations or as net taxable capital gains, and capital gains realized by a Holder on the disposition of Units may increase such Holder's liability for alternative minimum tax.

### **Taxation of Registered Plans**

Registered Plans will generally not be subject to tax under Part I of the Tax Act on amounts of income and capital gains received from the Fund or on capital gains realized on the disposition of Units, provided that the Units are qualified investments for the Registered Plan. See "Income Tax Considerations – Status of the Fund". Holders should consult their own advisors with respect to other tax considerations that are relevant to Registered Plans that invest in Units, including the taxation of amounts withdrawn from a Registered Plan.

As noted above, provided the Fund qualifies as a mutual fund trust within the meaning of the Tax Act, or the Units are listed on a "designated stock exchange" within the meaning of the Tax Act, the Units will be qualified investments under the Tax Act for Registered Plans.

Notwithstanding that Units may be qualified investments for a trust governed by a TFSA, a RDSP, a RRSP, a RRIF, or a RESP, the holder of a TFSA and RDSP or the annuitant of an RRSP and RRIF or the subscriber of a RESP, will be subject to a penalty tax under the Tax Act if the Units held by the particular TFSA, RRSP, RRIF, RDSP or RESP are "prohibited investments" for purposes of the Tax Act. The Units will generally be a "prohibited investment" for the purposes if the holder of the TFSA or RDSP, the annuitant under the RRSP or RRIF or the subscriber of a RESP, as applicable, (i) does not deal at arm's length with the Fund for purposes of the Tax Act or (ii) has a "significant interest" as defined in the Tax Act in the Fund. In addition, Units will generally not be a "prohibited investment" if the Units are "excluded property" as defined in the Tax Act.

### **Tax Implications of the Fund's Distribution Policy**

The NAV per Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been made payable at the time Units are acquired. A Holder who acquires Units may become taxable on the Holder's share of income and gains of the Fund that accrued before the Units were acquired notwithstanding that such amounts may have been reflected in the price paid by the Unitholder for the Units. The consequences of acquiring Units late in a calendar year will generally depend on the amount of the monthly distributions throughout the year, if any, and whether one or more year-end special distributions to Unitholders are necessary late in the calendar year to ensure that the Fund will not be liable for income tax under Part I of the Tax Act.

## **TERMINATION OF THE FUND**

The date of termination of the Fund is June 30, 2020 (the "**Scheduled Termination Date**") provided that the Manager may extend the Scheduled Termination Date by a maximum of 180 days if the Manager would be unable to convert all of the Fund's assets to cash and the Manager determines it would be in the interests of Unitholders to do so. Subject to the foregoing, the Fund's investments will be liquidated prior to the Scheduled Termination Date at the then available market prices. It is expected that most of the Portfolio Securities will mature and the principal amounts thereof generally will be distributed to Unitholders as Principal Distributions prior to the Scheduled Termination Date.

Notwithstanding the foregoing, the Fund may be terminated at any time by the Trustee upon the request of the Manager, without the approval of Unitholders, if the Manager, in its sole discretion, determines to terminate the Fund because the Manager believes it is no longer economically practical to continue the Fund or because the Manager believes that it would be in the best interests of Unitholders to

terminate the Fund. The Fund also may be terminated pursuant to a merger, combination or other consolidation as described under “Unitholder Matters – Permitted Mergers”. Termination of the Fund prior to an Automatic Conversion Date of a class of Convertible Units will trigger payment of the Early Exchange Fee by holders of those Convertible Units as described under “Fees and Expenses – Fees and Expenses Payable by Unitholders – Early Exchange Fee”.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

In the event of the termination of the Fund, the Manager will provide no less than 15 and no more than 90 days’ notice of the date of the termination of the Fund.

Upon termination of the Fund, the net assets of the Fund (after all liabilities of the Fund have been satisfied or appropriately provided for) will be distributed *pro rata* to the Unitholders of each class based on the NAV of each class of Units, less any applicable Early Exchange Fees to be remitted on behalf of the Unitholders to the UTF Service Provider. Prior to the Termination Date, the Manager will, to the extent practicable and other than in the event that the Fund is terminated pursuant to a merger, combination or other consolidation, convert the assets of the Fund to cash. The Manager may, in its discretion and upon not less than 30 days prior written notice to Unitholders by press release, extend the Termination Date by a maximum of 180 days if the Manager would be unable to convert all the Fund’s assets to cash and the Manager determines that it would be in the best interests of the Unitholders to do so. Should the liquidation of certain securities not be practicable or should the Manager consider such liquidation not to be appropriate prior to the Termination Date, such securities may be distributed to Unitholders in kind rather than in cash subject to compliance with any securities or other laws applicable to such distributions. In the case of termination pursuant to a merger, combination or other consolidation, the distribution may be made in the securities of the resulting or continuing investment fund. Following any such distribution, the Fund will be dissolved.

## **MATERIAL CONTRACTS**

Other than contracts entered into in the ordinary course of business, the following contracts can reasonably be regarded as material to Unitholders:

- (a) the Declaration of Trust described under “Responsibility for Fund Operations – Trustee”;
- (b) the Management Agreement described under “Responsibility for Fund Operations – Details of the Management Agreement”;
- (c) the UTF Services Agreement described under “Responsibility for Fund Operations – UTF Service Provider”; and
- (d) the Custodian Agreement referenced under “Responsibility for Fund Operations – Custodian”.

Copies of the foregoing agreements may be inspected by prospective or existing Unitholders, upon the giving of reasonable notice, during normal business hours at the principal office of the Fund in Toronto, Ontario.

## **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

The Manager is not aware of any material ongoing, pending or threatened legal or administrative proceedings to which the Fund or the Manager is a party.

## **RISK FACTORS**

An investment in Units is subject to various risk factors, including but not limited to the following risks which prospective purchasers should consider before purchasing Units.

### **Risks Related to Investment Objectives and Strategies**

#### ***Passive Investment Strategy***

The Portfolio is not actively managed and the Investment Advisor will not sell a security due to current or projected underperformance of a security, industry or sector. The Fund will not take defensive positions under any market conditions, including conditions that are adverse to the performance of the Fund. Except in the limited circumstances described under “Investment Strategies – Buy and Hold Approach with Credit Oversight”, the adverse financial condition of an issuer of an Eligible Debt Security included in the Portfolio will not result in the elimination of exposure to such Eligible Debt Security and the risk of default or default of such issuer.

#### ***No Assurances of Achieving Objectives***

There is no assurance that the Fund will be able to achieve its investment objectives, including being able to pay distributions to Unitholders in an amount equal to the Target Distribution Amount or at all. In addition, in the event the Fund varies the amount of leverage it employs and/or the composition of the Portfolio, the rate of return required to be generated by the Portfolio in order to achieve the Target Distribution Amount from time to time also may vary. The Fund will attempt to achieve its investment objectives through its investment strategies as described above under the heading “Investment Strategies”.

### **Risks Relating to Portfolio Securities**

#### ***Fluctuations in Net Asset Value***

The NAV per Unit and the funds available for distribution will vary according, among other things, to the value of the Portfolio Securities and any interest paid thereon. Fluctuations in the market values of the Portfolio Securities and fluctuations in the NAV per Unit may occur for a number of reasons beyond the control of the Manager and the Fund including factors that affect capital markets generally such as general economic and political conditions and factors unique to each issuer included in the Portfolio, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution policies and other events that may affect the value of its securities. Some global economies have recently experienced a recession or diminished growth. No assurance can be given that such conditions will not continue or re-emerge, which may adversely affect the issuers in which the Fund from time to time may invest and the value of their securities included in the Portfolio.

In addition, standards prescribed by the IFRS apply to investment funds which, among other things, require investment funds to refer to the closing bid price of an investment for NAV calculation purposes for financial statement reporting (rather than the closing trade price of an investment). NI 81-106 requires investment funds to calculate NAV for purposes other than financial statement reporting using the “fair value” of an investment fund’s assets and liabilities. Accordingly, there may be differences, which could be significant, between NAV set out in the financial statements of the Fund

calculated in accordance with IFRS and NAV used for other purposes calculated using “fair value” pursuant to NI 81-106.

### ***Sensitivity to Interest Rates***

The market price of the Units may be affected by the level of interest rates prevailing from time to time. In addition, the NAV may be highly sensitive to interest rate fluctuations because the value of the Portfolio will fluctuate based on interest rates. Further, any decrease in the NAV resulting from any fluctuation in interest rates also may negatively affect the market price of the Units. Unitholders wishing to sell their Units will, therefore, be exposed to the risk that the NAV or the market price of the Units will be negatively affected by interest rate fluctuations. Increases in interest rates will also increase the Fund’s costs of borrowing.

The Portfolio’s income could decline due to falling market interest rates. This is because, in a falling interest rate environment, the Fund generally will have to invest the proceeds from the maturing Portfolio Securities (to the extent the principal amounts thereof is not paid to Unitholders as Principal Distributions) in lower-yielding securities.

Moreover, fixed rate securities such as Eligible Debt Securities will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. The Fund seeks to mitigate these risks by generally holding its Portfolio Securities until their maturities and distributing the principal amounts received thereon to Unitholders (net of repayment of borrowings used as leverage for the purchase of (or the acquisition of exposure to) such matured Portfolio Securities) as Principal Distributions. Longer-term fixed rate securities are generally more sensitive to interest rate changes. The Fund’s investment in such securities means that the NAV and market price of Units will tend to decline if market interest rates rise. Currently, market interest rates are at or near record historical lows.

### ***Sensitivity to Duration***

Duration measures the time-weighted expected cash flows of a security, which can determine the security’s sensitivity to changes in the general level of interest rates (or yields). Securities with longer durations tend to be more sensitive to interest rate (or yield) changes than securities with shorter durations. Duration differs from maturity in that it considers potential changes to interest rates, and a security’s coupon payments, yield, price and par value and call features, in addition to the amount of time until the security matures. Various techniques may be used to shorten or lengthen the duration of Portfolio Securities. The duration of a security will be expected to change over time with changes in market factors and time to maturity. Because the Fund intends to buy and hold Portfolio Securities until their maturities, the Investment Advisor will not be managing the duration of the Portfolio.

### ***Portfolio Concentration***

It is contemplated that the Portfolio assets will be concentrated in debt securities of Canadian and U.S. corporate issuers. Accordingly, this Portfolio concentration may have a negative impact on the value of the Units and the general risk of the Portfolio may be increased as a result of such concentration.

The Portfolio Securities may not be diversified by country or industry. It is expected that a majority of the Investment Grade Debt Securities in the initial Portfolio will be from Canadian issuers denominated in Canadian dollars, and that a majority of the High Yield Debt Securities in the initial Portfolio will be from U.S. issuers denominated in U.S. dollars. The NAV of the Fund may be more volatile than the net asset value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative effect on the value of the Units and the Fund’s

capital return objectives. The value of such securities and the operations and profitability of such issuers will be affected by Canadian, U.S. and global economic and political factors such as unemployment, the amount of consumer spending, business investment, government spending, the volatility and strength of Canadian, U.S. and global capital markets, political instability and inflation. Any downturn in the Canadian, U.S. or global economies or political instability, which may result in higher unemployment, lower family income, lower corporate earnings, lower business investment and/or lower consumer spending, may adversely impact the performance and/or financial condition of the issuers whose securities comprise the Portfolio and the NAV.

### ***Portfolio Composition***

The Portfolio will have the attributes (such as diversification, weighted average term to maturity, modified duration and median credit rating) described elsewhere in this document. Since it is the intention of the Fund to generally hold Portfolio Securities until their maturities and make Principal Distributions to Unitholders of the principal amounts received by the Fund (net of repayment of borrowings used as leverage for the purchase of (or the acquisition of exposure to) such matured Portfolio Securities), the composition of the Portfolio will change and may develop attributes materially different from the initial Portfolio, including less diversification and a lower median credit rating.

### ***Risks Related to Issuers Operating in the Financial Sector***

The Fund will at all times invest in the Portfolio Securities selected in accordance with the Fund's investment strategy. A portion of the Portfolio may be concentrated in the financial services sector. A financial services company is one that is primarily involved in banking, mortgage finance, consumer finance, specialized finance, investment banking and brokerage, asset management and custody, corporate lending, insurance or financial investments. This makes the Fund more susceptible to adverse economic or regulatory occurrences affecting this sector. Concentration of investments in financial services companies include the following risks: (a) financial services companies may suffer a setback if regulators change the rules under which they operate; (b) unstable interest rates can have a disproportionate effect on the financial services sector; (c) financial services companies whose securities the Fund may purchase may themselves have concentrated portfolios, such as a high level of loans to real estate developers, which makes them vulnerable to economic conditions that affect that sector; (d) financial services companies have been affected by increased competition, which could adversely affect the profitability or viability of such companies; and (e) financial services companies have been significantly and negatively affected by the downturn in the subprime mortgage lending markets and the resulting impact on the world's economies.

### ***Risks of Investing in High Yield Debt Securities***

In general, lower rated debt securities carry a greater degree of risk that the issuer will lose its ability to make interest and principal payments, which could have a negative effect on the NAV of the Fund. Securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal, and are commonly referred to as "high yield" securities. High Yield Debt Securities involve a greater risk of default and their prices are generally more volatile and sensitive to actual or perceived negative developments, such as a decline in the issuer's revenues or revenues of underlying borrowers or a general economic downturn, than are the prices of higher grade securities. Debt securities in the lowest investment grade category also may be considered to possess some speculative characteristics by certain rating agencies. An economic downturn could severely affect the ability of issuers (particularly those that are highly leveraged) to service their debt obligations or to repay their obligations upon maturity. Lower-rated securities are generally less liquid than higher-rated securities, which may have an adverse effect on the Fund's ability to dispose of a particular security. For example, under adverse market or economic conditions, the secondary market for

High Yield Debt Securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and certain High Yield Debt Securities in the Portfolio may become illiquid or less liquid. As a result, the Fund could find it more difficult to sell High Yield Debt Securities or may be able to sell these securities only at prices lower than if such securities were widely traded.

The Fund's credit quality policies apply only at the time a security is purchased, and the Fund is not required to dispose of a security in the event that a rating agency downgrades its assessment of the credit characteristics of a particular issue. In determining whether to retain or sell such a security, the Investment Advisor may consider factors including, but not limited to, the Investment Advisor's assessment of the credit quality of the issuer of such security, the price at which such security could be sold and the rating, if any, assigned to such security by other rating agencies. Analysis of creditworthiness may be more complex for issuers of High Yield Debt Securities than for issuers of higher quality debt securities. For purposes of applying the Fund's credit-quality policies, in the case of securities with split ratings (i.e., a security receiving more than one different rating from the different rating agencies), the Fund will apply the highest of the applicable ratings.

### ***Foreign Currency Exposure***

The Portfolio will include securities denominated and paying interest in U.S. dollars and Canadian dollars. As the NAV will be calculated in Canadian dollars, to the extent the value of the Portfolio denominated in U.S. dollars has not been hedged back to the Canadian dollar, the NAV will be affected by changes in the value of the U.S. dollar against the Canadian dollar. While the Fund initially intends to hedge substantially all of the value of the Portfolio denominated in U.S. dollars back to the Canadian dollar, it may not be fully hedged at all times. Interest received on Portfolio Securities will not be hedged and any hedging strategy of the Fund may not be successful. Accordingly, no assurance can be given that the Fund will not be adversely impacted by changes in foreign exchange rates or other factors.

### ***Oil and Gas Energy Investments***

Oil and gas prices have fluctuated widely during recent years and are affected by supply and demand, political events, weather and economic conditions, among other things, which can adversely affect the value of oil and gas and energy related investments.

### ***Real Estate Investments***

Investments in Real Estate Investment Trusts ("REITs") are subject to the general risks associated with real property investments. Real property investments are affected by various factors including changes in general economic conditions (such as the availability of long term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. A REIT's income and funds available for distributions to its security holders would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the REIT or if the REIT were unable to lease a significant amount of available space in its properties on economically favourable lease terms.

## **Risks Related to the Structure of the Fund**

### ***Reliance on the Manager***

Unitholders are dependent on the ability of the Manager to effectively manage the Fund in a manner consistent with the Investment Objectives, Investment Strategies and Investment Restrictions of the Fund. Performance of the investments in the Portfolio is dependent on the Manager, in its capacity as Portfolio Manager, providing investment advisory services to the Fund. There is no certainty that the individuals who are principally responsible for providing administration and investment advisory services to the Fund will continue to be employed by the Manager.

### ***Distributions***

The Fund intends to pay quarterly distributions based on the cash flow received on securities making up the Portfolio, which the Manager estimates to be in an amount equal to \$0.0875 per Class T Unit (corresponding to an annualized distribution of \$0.35 per Class T Unit and an annualized yield of 3.5% per annum based on the original subscription price of \$10.00 per Class T Unit) and \$0.075 per Class A Unit (corresponding to an annualized distribution of \$0.30 per Class A Unit and an annualized yield of 3.0% per annum based on the original subscription price of \$10.00 per Class A Unit). The Manager will review such distribution policy from time to time and the distribution amount may change based upon prevailing market conditions and the estimate by the Manager of distributable cash flow for the period to which the Target Distribution Amount pertains. The amount of quarterly distributions may fluctuate from quarter to quarter and there can be no assurance as to the amount of the targeted distributions or that the Fund will make any distribution in any particular quarter.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

Because Portfolio Securities generally are held by the Fund until their maturities whereupon the principal amounts received by the Fund (net of repayment of borrowings used as leverage for the purchase of (or the acquisition of exposure to) such matured Portfolio Securities) are expected to be distributed to Unitholders as Principal Distributions, the size of the Portfolio and the amount of interest generated thereon will decrease over time and, notwithstanding a consolidation of Units following a Principal Distribution or a Principal Distribution effected by retracting Units, the Target Distribution Amount could change.

### ***Use of Leverage by the Fund***

The use of leverage by the Fund may result in a decrease in distributions to Unitholders. The interest expense and banking and other fees incurred in respect of any loan facility or prime brokerage facility entered into by the Fund will decrease the value of the assets of the Fund, thereby reducing the amounts available to pay distributions on the Units. If the value of the Portfolio decreases, the amount utilized as leverage by the Fund for the purpose of purchasing or obtaining exposure to additional securities represent more than 25% of the Total Assets (representing a ratio in excess of 1.33:1 (maximum Total Assets divided by NAV), and the Fund will not be required to sell Portfolio Securities to bring back the level within the limit that applied at the time leverage was initially employed. In addition, the Fund may not be able to renew any borrowings on acceptable terms or at all. There can be no assurance that the borrowing strategy employed by the Fund will assist the Fund in achieving its objectives.

### ***Use of Derivatives***

The Fund may also invest in or use derivative instruments for currency hedging purposes and other purposes such as a substitute for purchasing or selling securities consistent with its investment strategies and investment restrictions. The Fund intends to use derivatives for non-hedging purposes mainly to obtain exposure to individual Eligible Debt Securities that are trading at a premium to their par value in order to better match the yield-to-maturity of the Eligible Debt Security to the income (current yield) per annum received from the Eligible Debt Security.

There are many different types of derivatives. They usually take the form of a contract to buy or sell a specific currency or security index. The most common types of derivatives are:

(a) Futures or forward contract. These types of contract are agreements made today to buy or sell a particular currency, security or market index on a specific day in the future at a specified price.

(b) Option contract. This type of contract gives the buyer the right, but not the obligation, to buy or sell certain securities within a certain time period at a specified price.

(c) Swap agreement. This type of agreement is a negotiated contract between parties agreeing to exchange payments based on returns of different investments. The most common type is an interest rate swap. Under an interest rate swap, Party A agrees to pay Party B a fixed amount based on a pre-set interest rate. In return, Party B agrees to pay Party A a floating amount based on a reference rate such as bankers' acceptance or the London Inter-Bank Offered Rate.

The use of derivative instruments involves risks different from and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) hedging to reduce risk does not guarantee that there will not be a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the Fund wants to complete the derivative contract, which could prevent the Fund from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Fund from completing the derivative contract; (iv) the Fund could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; and (v) if the Fund has an open position in an option, a futures contract or a forward contract with a dealer who goes bankrupt, the Fund could experience a loss and, for an open futures or forward contract, a loss of margin deposits with that dealer. Forward agreements may be considered to be illiquid. The forward market is largely unregulated.

In addition, to the extent that derivatives are used by the Fund for non-hedging purposes, there is a risk that the non-hedging purposes for which such derivatives have been utilized by the Fund result in losses, which in turn could have an adverse effect on the performance of the Fund and its ability to meet its objectives.

### ***Securities Lending***

The Fund may engage in securities lending. Although it will receive collateral for the loans and such collateral will be marked-to-market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities.

### ***Credit Risk***

Credit risk is the possibility that a borrower, or the counterparty to a derivatives contract, is unable or unwilling to repay the loan or obligation, either on time or at all. Debt securities issued by companies or governments in emerging markets often have higher credit risk (a lower credit rating

assigned by specialized credit rating agencies), while debt securities issued by well-established companies or by governments of developed countries tend to have lower credit risk (a higher credit rating). A downgrade in an issuer's credit rating can negatively affect a debt security's market value. Other factors can also influence a debt security's market value, such as the level of liquidity of the security and a change in the market perception of the creditworthiness of the security. Lower rated and unrated debt instruments generally offer a better return than higher grade debt instruments but have the potential for substantial loss if the borrower defaults on payment. Investments in companies or markets with higher credit risk tend to be more volatile in the short term. However, they may offer the potential of higher returns over the long term.

### ***No Guaranteed Returns***

There is no guarantee that an investment in the Fund will earn any positive returns in the short or long term.

### ***Loss of Investment***

An investment in Units is appropriate only for an investor that can withstand distributions not being made on the Units for any period of time, and that can withstand a partial or total loss of its investment.

### ***Illiquid Assets***

A liquid asset typically trades on an organized market, such as a stock exchange, which provides price quotations for the asset. The use of an organized market means that it should be possible to convert the asset to cash at, or close to, the quoted price or the price used to calculate the NAV. An asset is considered illiquid if it is more difficult to convert it to a liquid investment such as cash. In highly volatile markets, investments that were considered liquid may suddenly and unexpectedly become illiquid.

There is no assurance that an adequate market will exist for the Fund's investments. The Fund cannot predict whether its investments will trade at a discount to, a premium to, or at their respective values used by the Fund for calculating its NAV. If the market for a specific investment is particularly illiquid, the Fund may be unable to dispose of such investments or may be unable to dispose of such investments at an acceptable price.

Illiquid investments may cause the NAV to rise and fall substantially because the Fund may not be able to sell the assets for the value used in calculating the NAV.

### ***Risks Relating to the Mandatory Market Purchase Program***

Pursuant to the Declaration of Trust, the Fund will undertake the MMPP pursuant to which the Fund will offer to purchase any Class T Units offered in the market when the market price is 98.50% or less of the latest NAV per Class T Unit. The Manager will publish this price on the Manager's website at [www.fieracapital.com](http://www.fieracapital.com) each day on which the TSX is open for business. Pursuant to the MMPP, the Fund will purchase up to a maximum amount in any rolling 10 trading day period of 10% of the number of Class T Units outstanding at the beginning of such 10 trading day period, subject to a limit of 2% of the number of Class T Units outstanding each trading day and subject to the terms set out in the Declaration of Trust. The Fund may seek an exemption from certain regulatory constraints in order to be able to recirculate Units purchased under the MMPP. To the extent Units so purchased are not recirculated in the market, such Class T Units will be cancelled. If a significant number of Class T Units are purchased and cancelled, the expenses of the Fund would be spread among fewer Units resulting in a potentially lower distribution per Unit. The Manager has the ability to terminate the Fund at any time without the approval of Unitholders if, in its opinion, it is no longer economically feasible to continue the Fund and/or it would

be in the best interests of the Unitholders to terminate the Fund. If the Fund is terminated as a consequence of market purchases and/or redemptions, it may be terminated before the Manager would otherwise choose to do so and the return to Unitholders may be less than anticipated as the Portfolio may not have had sufficient time to provide a return that equals or exceeds the expenses of the Offering borne by the Fund.

Given the procedures and rules of the TSX relating to the placement of purchase and sell orders and the filling of such orders, and with the objective of avoiding arbitrage in the market detrimental to unitholders, the Fund may place bids on the Class T Units at 98.50% of the NAV per Class T Unit even if the trading price is lower. As a result, and because an amount of 1.32% of the NAV per Class T Unit plus applicable taxes purchased by the Fund will be paid to the Manager as part of the Management Fee, the purchase of Class T Units under the MMPP will not be accretive to the Fund and Unitholders to the extent that this portion of the Management Fee is not being waived by the Manager. However, as the purchases made under the MMPP are being effected at a maximum of 98.50% of the NAV per Class T Unit (calculated as at the latest Valuation Time), they will not be dilutive to the Fund or Unitholders.

### ***Trading Price of Units***

Class T Units may trade in the market at a premium or discount to their NAV per Unit and there can be no assurance that Units will trade at a price equal to such amount. This risk is separate and distinct from the risk that the NAV per Unit may decrease, or possibly be zero.

Due to the possibility that Class T Units may trade at a discount to their NAV per Unit, the terms and conditions attaching to Class T Units have been designed to attempt to reduce or eliminate such trading discount by way of the Fund's MMPP, as described under "Attributes of Securities – Mandatory Market Purchase Program". There can be no assurance that purchases of Class T Units by the Fund will result in Class T Units trading at a price which is equal to the NAV per Unit. The Fund anticipates that the market price of Class T Units will in any event vary from the NAV per Unit. The market price of Class T Units will be determined by, among other things, the relative demand for and supply of Class T Units in the market, the performance of the Portfolio and investor perception of the Fund's overall attractiveness as an investment as compared with other investment alternatives. The NAV per Unit and the market price of Class T Units is subject to factors beyond the control of the Fund, the Manager, the Trustee and the Investment Advisor.

### ***Repurchase and Reverse Repurchase Transactions***

The Fund may enter into purchase and reverse repurchase transactions in order to generate additional returns. A repurchase transaction involves the Fund selling a security and agreeing to buy it back from the same party at a future time. A reverse repurchase transaction involves the opposite, i.e. the Fund buying a security and agreeing to sell it back to the same party at a future time. Over time, the value of the securities purchased by the Fund under a reverse repurchase transaction may decline below the amount of cash paid by the Fund to the other party. If the other party defaults on its obligation to repurchase the securities from the Fund, the Fund may need to sell the securities for a lower price and suffer a loss for the difference.

### ***Marketability and Operating History***

The Fund is a newly organized investment fund with no previous operating history. There is currently no public market for the Units and there can be no assurance that an active public market will develop or be sustained after completion of this Offering.

### ***Availability of Leverage***

Given the nature of prime brokerage facilities, in the event the Fund enters into the Loan Facility and/or Prime Brokerage Facility, the ongoing availability of credit and the terms of such credit, including interest cost and margin requirements, will be subject to change at the Lender's sole discretion at any time and there will be no guarantee that the Fund will be able to borrow on terms satisfactory to the Fund or at all, which may affect the total returns of the Portfolio.

### ***Risks Related to Redemptions***

If holders of a substantial number of Units exercise their redemption rights, the number of Units outstanding and the NAV could be significantly reduced. If a substantial number of Units are redeemed, this could decrease the liquidity of the Class T Units in the market and increase the management expense ratio of the Fund. In any such circumstance, the Manager may determine it appropriate to terminate the Fund without the approval of the Unitholders if, in the opinion of the Manager, it is no longer economically feasible to continue the Fund or the Manager determines that it would be in the best interests of Unitholders to terminate the Fund.

Redemption costs will be paid by the redeeming Unitholder. The amount of any such redemption costs will depend on the circumstances at the time of the redemption, including the NAV, the number of Units surrendered for redemption, the available cash of the Fund, the interest rate under the Loan Facility and/or Prime Brokerage Facility, the current market price of the securities of each issuer included in the Portfolio at the time of the redemption, and the brokerage fees, commissions and other transaction costs as described under "Redemptions of Securities". As a result of the foregoing variables, the amount of redemption costs payable by a Unitholder upon the redemption of Units may vary from time to time.

### ***Status of the Fund***

The Fund is non-redeemable investment fund that is a reporting issuer under the securities legislation of all the provinces and territories of Canada. Consequently, the Fund is subject to the various policies and regulations that apply to non-redeemable investment funds which are reporting issuers, including parts of NI 81-102, as well as NI 81-106 and NI 81-107. The Fund is not a "mutual fund" under applicable securities legislation and is not subject to the added regulation applicable to mutual funds.

The Fund is not a trust company and is not registered under legislation of any jurisdiction governing trust companies as it does not carry on, nor does it intend to carry on, the business of a trust company. The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that Act or any other legislation.

### ***Conflicts of Interest***

The services to be provided or caused to be provided by the Manager and the Investment Advisor under the Management Agreement are not exclusive to the Fund. Neither the Manager nor either Investment Advisor is prevented from offering its services to other funds, some of which may invest primarily in the same securities as the Fund from time to time invests and which may be considered competitors of the Fund.

In addition, the directors and officers of the Manager or its affiliates may be directors, officers, shareholders or unitholders of one or more issuers in which the Fund may acquire securities or of corporations which act as the manager of other funds that invest primarily in the same securities as the Fund from time to time invests and which may be considered competitors of the Fund. The Manager or its affiliates may be managers or portfolio managers of one or more issuers in which the Fund may acquire securities.

### ***Nature of Units***

A Unit represents an undivided beneficial interest in the net assets of the Fund. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. Units are dissimilar to debt instruments in that there is no principal amount nor interest obligations owing to Unitholders.

### ***No Market for Class A Units***

The Class A Units will not be listed on any stock exchange. It is expected that liquidity for Class A Units will be obtained primarily by means of conversion of Class A Units into Class T Units and the subsequent sale of such Class T Units.

Since the establishment of the Fund and during the financial year ended March 31, 2019, the Fund had the two following classes of units : Class A Units, being the sole class of Convertible Units offered by the Fund, and Class T Units. As of the date of this Annual Information Form, all convertible Class A Units of the Fund have been converted into Class T Units of the Fund. As such, there are no outstanding Class A Units or Convertible Units of the Fund.

### ***No Ownership Interest***

An investment in Units does not constitute an investment by Unitholders in the securities comprising the Portfolio. Unitholders will not own the securities held by the Fund.

### ***Taxation of the Fund***

If the Fund fails to or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts or in general will not be changed in a manner which adversely affects the Unitholders or the Fund. There can be no assurances that the CRA will agree with the tax treatment adopted by the Fund in filing its tax return (e.g., deduction of expenses or recognition of income) and the CRA could reassess the Fund on a basis that results in additional tax being paid by Unitholders.

The 2019 Canadian federal budget proposes amendments to the Tax Act that will eliminate the ability of a mutual fund trust to distribute income as part of the redemption price of units and restrict in some circumstances the ability of a mutual fund trust to distribute capital gains as part of the redemption price of units. If such tax amendments are enacted in their current form, the current taxable component of distributions to non-redeeming Unitholders may increase. No assurance can be provided as to whether such proposed changes will be enacted in their current form.

The tax treatment of gains and losses realized by the Fund will depend on whether such gains or losses are treated as being on income or capital account, and whether they result from a “derivative forward agreement”. In determining its income for tax purposes, the Fund will treat gains or losses realized on the disposition of Portfolio Securities held by it as capital gains and losses. Generally, the Fund will include gains and deduct losses on income account in connection with investments made through certain derivatives, except where such derivatives are used to hedge Portfolio Securities held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below, and will recognize such gains or losses for tax purposes at the time they are realized by the Fund. For example, the Fund intends to take the position that gains or losses in respect of foreign currency hedges entered into in respect of amounts invested in the Portfolio will constitute capital gains and capital losses to the Fund if the Portfolio Securities are capital property to the Fund and there is sufficient linkage. Certain proposed

amendments to the Tax Act, if enacted as proposed, should clarify that the DFA Rules generally should not apply to such foreign currency hedges. Designations with respect to the Fund's income and capital gains will be made and reported to Unitholders on the foregoing basis. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If these foregoing dispositions or transactions of the Fund are determined not to be on capital account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase. Any such redetermination by the CRA may result in the Fund being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV of the Fund and NAV per Unit.

The DFA Rules target certain financial arrangements (described in the DFA Rules as "derivative forward agreements") that seek to deliver a return based on an "underlying interest" (other than certain excluded underlying interests) for purposes of the DFA Rules. The DFA Rules are broad in scope and could apply to other agreements or transactions (including certain forward currency contracts (subject to the proposed amendments to the Tax Act discussed in the previous paragraph) and other derivatives, in certain circumstances). If the DFA Rules were to apply in respect of any derivatives used by the Fund, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

The SIFT Rules will apply to the Fund if it is a SIFT trust (as defined in the Tax Act). The Fund should not be a SIFT Trust for the purposes of these rules because the Fund should not hold "non-portfolio property", as defined in the SIFT Rules, based on its investment restrictions, as described under the heading "Investment Restrictions". If the SIFT Rules were to apply to the Fund, they may have an adverse impact on the Fund including on distributions received by Unitholders.

### ***Changes in Legislation***

There can be no assurance that income tax, securities and other laws and government incentive programs relevant to the Fund and its investments will not be changed in a manner which adversely affects the Fund and/or the distributions, if any, received by the Fund or by the Unitholders.

### ***Market Disruptions***

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual issuers or related groups of issuers of Portfolio Securities.

These risks could also adversely affect securities markets, inflation and other factors relating to the securities that may be held from time to time.

### ***Global Financial Developments***

Global financial markets have experienced a sharp increase in volatility in the last several years. While central banks as well as global governments have worked to restore growth to the global economies, no assurance can be given that the quantitative easing and financial reforms will continue. No assurance can be given that this stimulus will continue or that if it continues, it will be successful or, that these economies will not be adversely affected by the inflationary pressures resulting from such stimulus or central banks' efforts to slow inflation. Further, market concerns about the economies of certain European countries, economic growth in China, military conflicts in the Middle East and Europe, an increase in interest rates by the U.S. Federal Reserve, an increase in the value of the U.S. dollar relative to

other currencies, political changes and extended periods of historically low oil prices, may adversely impact global equity markets. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Fund and the value of the Portfolio. A substantial drop in the markets in which the Fund invests could be expected to have a negative effect on the Fund.

### ***Cybersecurity Risk***

With the increased use of technologies such as the Internet to conduct business, the Manager and the Fund are susceptible to operational, information security, and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the Fund, the Manager or the Fund’s service providers (including, but not limited to, the Trustee and Custodian) have the ability to cause disruptions and impact each of their respective business operations, potentially resulting in financial losses, interference with the Fund’s ability to calculate their net asset value, impediments to trading, the inability of unitholders to transact business with the Fund and the inability of the Fund to process transactions including redeeming units, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs associated with the implementation of any corrective measures. Similar adverse consequences could result from cyber incidents affecting the issuers of securities in which the Fund invests and counterparties with which the Fund engages in transactions.

In addition, substantial costs may be incurred to prevent any cyber incidents in the future. Furthermore, the Manager and the Fund cannot control the cyber security plans and systems of the Fund’s service providers, the issuers of securities in which the Fund invests or any other third parties whose operations may affect the Fund or its unitholders. As a result, the Fund and their unitholders could be negatively affected.

## **JUNE 2020 CORPORATE BOND TRUST**

**Fiera Capital Corporation  
1981 McGill College Avenue,  
Suite 1500  
Montreal, Quebec  
H3A 0H5**

**Tel: 1-800-265-1888 (Client Services)  
Fax: 514-954-5098  
E-mail: [retailmarket@fieracapital.com](mailto:retailmarket@fieracapital.com)  
Website: [www.fieracapital.com](http://www.fieracapital.com)**

Additional information about the Fund is available in the Fund's management reports of fund performance and financial statements. You can receive a copy of these documents at no cost by calling **1-800-265-1888 (Client Services)**, or from your dealer or by e-mail at **[retailmarket@fieracapital.com](mailto:retailmarket@fieracapital.com)**. These documents and other information about the Fund, such as material contracts, are also available on the Manager's website at [www.fieracapital.com](http://www.fieracapital.com) or at [www.sedar.com](http://www.sedar.com).